

ORIGINAL

STATE OF NEW JERSEY  
CASINO CONTROL COMMISSION

IN RE: CONSOLIDATED FINANCIAL :  
STABILITY HEARING OF TRUMP TAJ MAHAL :  
ASSOCIATES, TRUMP HOTEL MANAGEMENT :  
CORPORATION, TRUMP'S CASTLE :  
ASSOCIATES LIMITED PARTNERSHIP AND :  
TRUMP PLAZA ASSOCIATES :

Tuesday, June 18, 1991  
Atlantic City Commission Office  
Tennessee & Boardwalk  
Atlantic City, NJ 08401  
10:15 a.m.

VOLUME IV

B E F O R E:

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BY: PETER H. EHRENBURG, ESQ.

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Ribis - Cross by Auriemma

1 CHAIRMAN PERSKIE: Good morning.

2 Look over here at this great expansive space.

3 COMMISSIONER DODD: A distinct lack  
4 of interest.

5 CHAIRMAN PERSKIE: It shows you what  
6 happens.

7 We will reconvene the hearing this  
8 morning, today being the 18th. The record will  
9 reflect that all of the members of the Commission are  
10 present.

11 Mr. Ribis, where are you? Good  
12 morning. You are still under oath. If you will  
13 resume the chair, I think we were at the stage where  
14 it was Mr. Auriemma's opportunity to play.

15 Anything that we need to know before  
16 we commence?

17 MR. FUSCO: No, Mr. Chairman.

18 CHAIRMAN PERSKIE: Okay.

19 CROSS-EXAMINATION

20 BY MR. AURIEMMA:

21 Q Mr. Ribis, I am just going to go down  
22 various things. Let's start with Trump Plaza first.  
23 Yesterday in a discussion with the Chairman we talked  
24 about the Regency lease and the real estate tax  
25 payments and is it fair to say just to recap that the

Ribis - Cross by Auriemma

1 May 1 real estate tax payments on Trump Regency were  
2 not paid and you are currently in arrears?

3 A That's correct. The Regency hasn't paid.

4 Q The Regency has not paid up.

5 And the subject of who will pay those  
6 plus the taxes on a going forward basis is still  
7 subject to negotiation with Manufacturers Hanover  
8 Trust Company?

9 A Yes. That's an obligation of the  
10 Regency. It's not an obligation of the Plaza and that  
11 is the arena of the discussion right now.

12 Q And the mere fact that those taxes were  
13 not paid, is there any recourse to Trump Plaza by  
14 virtue of the nonpayment of those taxes?

15 A No, not at the present time.

16 CHAIRMAN PERSKIE: So what's at stake  
17 on that there then is simply The Trump Organization's  
18 ownership in the Regency?

19 THE WITNESS: Just the Regency's  
20 obligation to pay the taxes, that's correct.

21 CHAIRMAN PERSKIE: But I mean in  
22 default of that payment, who's got recourse against  
23 whom?

24 THE WITNESS: Well, we have already  
25 defaulted on the mortgage there. We have not

Ribis - Cross by Auriemma

1 defaulted but we are not current on our payments at  
2 the present time.

3 CHAIRMAN PERSKIE: The "we" in that  
4 case is the Trump Organization?

5 THE WITNESS: Well, it's a separate  
6 company. It's the Regency partnership.

7 CHAIRMAN PERSKIE: Okay. But my  
8 point is it's separate from Trump Plaza?

9 THE WITNESS: That's correct.

10 BY MR. AURIEMMA:

11 Q One of the things I had asked about at the  
12 close of day yesterday was the cash position of Trump  
13 Plaza. Could you just go through that and give a  
14 breakdown?

15 A Sure. After I finished we went and  
16 prepared a memo for you which I believe Mr. Fusco has,  
17 but it's 2.3 million dollars in cash above the cage.  
18 The cage is restricted funds, is five million dollars  
19 and a five million dollar available line of credit.  
20 That's how I got to my 13. It's really 12.3. So I  
21 was incorrect.

22 Q The line of credit that's with People's  
23 Bank?

24 A That's correct.

25 Q Now, with respect to the five million

Ribis - Cross by Auriemma

1 dollar interim facility with People's Bank, A-61 was  
2 admitted in evidence yesterday evidencing that  
3 commitment; is that correct?

4 A That's correct.

5 Q And as of today, subject to the Division  
6 reporting on People's Bank as a financial source, are  
7 those funds available?

8 A They will be available as soon as--they  
9 are available as soon as this hearing is completed.  
10 That was the only condition to the availability of the  
11 money was the completion of these hearings before the  
12 Commission today, but it's available.

13 CHAIRMAN PERSKIE: Completion with  
14 certain results I assume?

15 THE WITNESS: Well, successful  
16 completion of these hearings before the Commission,  
17 yes.

18 MR. AURIEMMA: With respect, Mr.  
19 Chairman, members of the Commission, with respect to  
20 People's Bank as a financial source the Division, of  
21 course, was apprised some time ago that People's Bank  
22 and the Plaza was negotiating a line of credit. We  
23 commenced a financial source investigation at that  
24 point.

25 CHAIRMAN PERSKIE: What caused the

Ribis - Cross by Auriemma

1 initiation? Was this an application by Peoples or by  
2 the Plaza for that?

3 MR. AURIEMMA: No. Well, the  
4 documents that were filed on a weekly basis with the  
5 Commission.

6 CHAIRMAN PERSKIE: Right.

7 MR. AURIEMMA: Reiterated the fact or  
8 iterated the fact that they were negotiating a 10  
9 million dollar line of credit, and based on oral  
10 conversations we assume that there would be a line of  
11 credit. So as not to cause a hitch we commenced the  
12 financial source investigation.

13 CHAIRMAN PERSKIE: Which is presently  
14 ongoing?

15 MR. AURIEMMA: Presently ongoing.  
16 Our intention is if we are back here on Thursday  
17 and/or Friday, I believe I will be able to report on  
18 them. I am not sure I will be able to write a letter  
19 by then since I am going to be here tomorrow as well,  
20 but I will be able to report on their qualification as  
21 a financial source.

22 CHAIRMAN PERSKIE: Let me ask on that  
23 one point, on that line of credit, either the five or  
24 the eventual 10, has any of that been advanced at this  
25 point?



Ribis - Cross by Auriemma

1 THE WITNESS: No, it has not and it  
2 would not be--we don't need it, number one. But,  
3 number two, it won't be advanced until they are a  
4 qualified financial source.

5 CHAIRMAN PERSKIE: What was then the  
6 source of the 16 or 17 million dollar interest payment  
7 that the Plaza made on Friday on the bonds?

8 THE WITNESS: Internal funds. Funds  
9 from the property.

10 CHAIRMAN PERSKIE: All of it?

11 THE WITNESS: All of it.

12 CHAIRMAN PERSKIE: None of it was  
13 advanced by that bank or any other?

14 THE WITNESS: No.

15 MR. AURIEMMA: That's our  
16 understanding as well and our investigation has shown  
17 that it came from internal sources.

18 CHAIRMAN PERSKIE: All I know is what  
19 I read in the papers.

20 MR. AURIEMMA: Sometimes they know  
21 more than we do.

22 CHAIRMAN PERSKIE: And sometimes a  
23 whole lot less.

24 BY MR. AURIEMMA:

25 Q Mr. Ribis, you have read the Division of

Ribis - Cross by Auriemma

1 Gaming Enforcement report which has been admitted into  
2 evidence as D-10?

3 A I have.

4 Q With respect to the jackpot liability at  
5 Trump Plaza, do you agree that the jack--progressive  
6 jackpot liability for all links in excess of \$100,000  
7 is approximately 3.3 million dollars?

8 A Yes, that's a correct number.

9 Q And that's referred to on page 11 of the  
10 Division's report?

11 A Yes. It was in the report.

12 Q Let me just ask this again to make it  
13 crystal clear. On the five million dollar interim  
14 facility with People's Bank, that's an unsecured line  
15 of credit?

16 A That's correct.

17 Q On the 10 million dollar line which is  
18 still the subject of further negotiations with  
19 People's Bank, is that anticipated also to be an  
20 unsecured line or backed by some collateral?

21 A We haven't finalized those negotiations  
22 and since they will be participant banks obviously  
23 there could be some security, but we have not  
24 completed those discussions and they will take place  
25 over the next 30 days.

Ribis - Cross by Auriemma

1           Q    Let's focus now on the Taj for the  
2 moment. Completion of the theater is something that  
3 is required under terms with the Housing Authority?

4           A    That's correct.

5           Q    And that theater was supposed to be  
6 completed by the spring, but there were subsequent  
7 extensions granted. Can you tell us where that whole  
8 situation stands at the moment?

9           A    Yes. We have been dealing with the  
10 Housing Authority on a weekly basis and updating them  
11 as to the precise requests as to an extension. We  
12 have an extension, I believe it's through early July,  
13 but we have indications there will be an additional  
14 extension. They want to be kept up-to-date as to the  
15 status of the property and we have not run into any  
16 problems with respect to extending that time period.  
17 Obviously at this time it's not our intention to move  
18 ahead with the completion of the construction of the  
19 theater building until some later date.

20          Q    Since yesterday have you been apprised or  
21 received any information as to further vote  
22 tabulations with respect to the bondholders?

23          A    I have, but I would like to hold that  
24 until later in the hearing when Mr. Molloy, he is with  
25 one of our lawyers right now, and they should be here

Ribis - Cross by Auriemma

1     sometime over the next 45 minutes to an hour. So I  
2     would like to leave that until that point if I could,  
3     Mr. Auriemma.

4             Q       That's fine.

5                     Let's focus--

6             A       It was very, very optimistic that the  
7     Chair's requests will be complied with.

8             Q       Let's focus on the Castle for the moment.  
9     We are now presented with a term sheet agreement which  
10    I sort of labeled yesterday Taj like in nature. That  
11    replaces what had been contemplated on April 29 which  
12    was the creation of a new series of bonds and the  
13    payment of the interest payment at the Castle from  
14    cash flow?

15            A       Yes. The exchange offering time period  
16    has ended. We have not exchanged any bonds for the  
17    new series A-3 bonds and, as I explained yesterday,  
18    that during the process of doing the A-3 exchange and  
19    our discussions with the bondholders we looked for a  
20    long-term fix for this property.

21            Q       It had also been contemplated in your  
22    testimony on April 29 that there would be a parking  
23    lot sale and that the Castle would receive 4.9 million  
24    dollars. Is it fair to say that that occurred?

25            A       There was a contract and there was a

Ribis - Cross by Auriemma

1 deposit and the contract has been terminated by the  
2 parties to the contract and deposit returned to the  
3 Taj Mahal.

4 Q Is it fair to say that other than the--

5 CHAIRMAN PERSKIE: Excuse me, that  
6 deposit was how much?

7 THE WITNESS: About \$950,000.

8 BY MR. AURIEMMA:

9 Q Is it fair to say that other than the  
10 nonpayment of the Castle bonds yesterday that the  
11 Castle is current on all of its other debts?

12 A Yes. It's current on all other debts.

13 Q Do you have a cash position with respect  
14 to the Castle at the moment?

15 A Yes. As I explained yesterday, I believe  
16 the cage is approximately four and-a-half million  
17 dollars and the cash above the cage is approximately  
18 seven million dollars. So it's about 11 million  
19 dollars.

20 Q And there are no other lines of credit  
21 that are available at the Trump Castle?

22 A No. As I explained yesterday, the  
23 completion of the negotiations with the bondholders  
24 included the 10 million dollar availability, cash  
25 availability above cage funds on an ongoing basis.

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1 CHAIRMAN PERSKIE: Excuse me, and the  
2 source of that would be from where?

3 THE WITNESS: The source of the money  
4 would be internal funds. In other words, it would be  
5 10 million dollars above the restricted cage funds on  
6 an ongoing basis. It could be never--you could never  
7 sweep to an amount less than that 10 million.

8 BY MR. AURIEMMA:

9 Q With respect to progressive jackpots, is  
10 it fair to say that there are currently progressive  
11 jackpots in excess of \$100,000 which total in the  
12 aggregate 1.6 million dollars at the Castle?

13 A Yes. That was in your report, that's  
14 correct.

15 Q With respect to the term sheet agreement  
16 with the Steering Committee of Castle bondholders, I  
17 asked Mr. Foss yesterday about a board of directors.  
18 I would like to ask you about that and I would also  
19 like to ask you whether you believe that that  
20 agreement contemplates an Audit Committee consisting  
21 of outside individual bondholders?

22 A Well, our Audit Committees, as you know,  
23 have always consisted of two independent outside  
24 members and one member who was Mr. Freeman who is the  
25 chairman of each of the Audit Committees. That will

Ribis - By Vice Chair Armstrong

1 remain the same. There--that was part of our original  
2 licensing and there will be--I am sure the audit  
3 process will remain consistent with what the  
4 Commission did years ago. Our board of directors will  
5 be--a majority of the board will be Trump  
6 representatives.

7 MR. AURIEMMA: I have nothing  
8 further. Thank you.

9 CHAIRMAN PERSKIE: Does any member of  
10 the Commission have any questions for Mr. Ribis at  
11 this time?

12 VICE CHAIR ARMSTRONG: I do.

13 CHAIRMAN PERSKIE: Vice Chair.

14 EXAMINATION

15 BY VICE CHAIR ARMSTRONG:

16 Q Mr. Ribis, I believe you indicated on  
17 cross that during the exchange offer, which you  
18 testified to back in April, that during that process  
19 the Castle began to look for a long-term fix for the  
20 property. Was that as a result of the lack of  
21 successful results with regard to the exchange offer?

22 A That's a good question. The answer  
23 is--the answer is no. What happened was that I was  
24 new on the job and so was Mr. Wagner and as I worked  
25 through with Mr. Wagner and his people it was Mr.

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1 Wagner's feeling and my feeling, which I communicated  
2 to Mr. Bollenbach and Mr. Freeman and Mr. Trump, that  
3 it would be a much better thing to do to not have the  
4 constant pressure of these interest payments under the  
5 current arrangement, the better fix would be a  
6 long-term fix and I think that's what led ultimately  
7 to the discussions which ended up in this term sheet  
8 and that's how it came about. It was an operational  
9 decision then taken to an executive level.

10 Q Do you have any thoughts on why the  
11 exchange offer was not successful?

12 A Oh, I think the change offer would have  
13 been successful. I'm not sure that the exchange offer  
14 would have served on a long-term basis the property  
15 well because it didn't reduce his debt. It was just  
16 an additional--it was an exchange of new bonds for old  
17 bonds and although it was an idea that was a good  
18 idea, it was not the longer term fix, and I think that  
19 the Commission when I was here, I think the  
20 Commission's reports and the Division's reports kind  
21 of honed in on a longer term fix for the property and  
22 then we took a hard look at it and I think that our  
23 results were about where we expected them, but then  
24 when we sat down and looked at it, we said all we are  
25 doing is continuing--continually chasing our tail. We



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1 didn't want to do that anymore. We wanted to get a  
2 longer fix for the property and that's how we came up  
3 with the term sheet and our discussions with the  
4 bondholders which I think does that.

5 Q Mr. Ribis, what degree of confidence can I  
6 place in A-55-A which is the nonbinding outline of  
7 principal terms apparently negotiated by the Steering  
8 Committee of the Castle? I have to tell you it is  
9 unsettling to find ourselves on June 17 in this  
10 position and I am looking for any kind of confidence  
11 that any of these witnesses can give me as to what  
12 degree of faith I should place in this.

13 A I think that the Commission can take note  
14 of the history of how we dealt with the Taj  
15 situation. As you know, we are here in December and  
16 we had what I consider is a much less professionally  
17 done term sheet and we used that as a model for what  
18 we did here. I have a high degree of confidence. I  
19 wouldn't have gone down this road and let the exchange  
20 offering terminate by its date which was I believe  
21 July--June 11 if I didn't have a high degree of  
22 confidence. It wouldn't have been what we wanted to  
23 do here. So that I can assure the Commission from our  
24 standpoint, that is Trump Castle's, that we believe  
25 unequivocally that we have reached a deal with the

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1 Bondholder Steering Committee.

2 As you know, it's difficult because  
3 you are not dealing with one institution and I think  
4 that Mr. Nut's explanation of how a Steering Committee  
5 is put together really clarified it not only for you  
6 but for me in that there is a much broader knowledge  
7 of what's going on here and there has been for weeks  
8 and weeks and so I can give you from our side, we  
9 would not have done this transaction with the  
10 bondholders if we didn't have a high degree of  
11 confidence that we were going to complete it, and we  
12 anticipate completing it along the timetable which was  
13 put in the term sheet at our request because we want  
14 it completed as expeditiously as possible.

15 So I have a high degree of confidence  
16 and I recommended to Mr. Trump that we do this and so  
17 I believe Mr. Bollenbach and Mr. Freeman did because  
18 we believe that we have reached an agreement with the  
19 Bondholders Steering Committee and that's what this  
20 term sheet illustrates and we worked long and hard to  
21 do that and obviously we made a decision that we  
22 should do this rather than an interim fix.

23 Q So what you are saying is that completing  
24 or attempting to complete the exchange offer and then  
25 taking a bit more time to work out the more longer

Ribis - By Vice Chair Armstrong

1 term arrangement was not a feasible combination of  
2 events?

3 A The bondholders themselves said to us when  
4 we finally sat down, because that was one of the  
5 avenues obviously we could have followed, let's fix  
6 this and we had meetings with the Putnam  
7 representatives who I think hold about 20 percent of  
8 the bonds here and they wanted a long-term fix. They  
9 would rather see a long-term fix for the property than  
10 an exchange offering which was a year-to-year thing  
11 and after looking at it and discussing it, Mr. Wagner  
12 and Mr. Freeman and me went up to Boston, I guess it  
13 was in May, and met with the Putnam representatives  
14 and that's--that was our feeling that they felt that a  
15 longer term fix is really what we should do here when  
16 we were discussing the exchange offering.

17 Q When did individuals on behalf of Castle  
18 actually become involved in negotiating that? The  
19 Steering Committee was formed and they had their own  
20 discussions, when did they come to you and/or to  
21 representatives of the Castle?

22 A I don't have it tied down, but I would say  
23 we came to a final sometime in the first or second  
24 week of May. After our meeting in Boston I think it  
25 came to fruition when it was obvious to us that we

Ribis - By Vice Chair Armstrong

1 were able to get a more reasonable arrangement with  
2 the attorneys for the bondholders and their committee  
3 and their advisors and that's when we decided to move  
4 ahead to see if there was something to discuss.

5 Q What is, if you can tell me, contemplated  
6 with regard to the management fee for Mr. Trump under  
7 that agreement? Is that a fee in consideration for  
8 services if he would render comparable to what you  
9 have at the Taj?

10 A I listened to Mr. Foss. I don't think  
11 it's going to be that complicated. I think it is a  
12 straight management fee of \$1,500,000 and it's a fee  
13 to be paid to Mr. Trump. We have not defined it any  
14 further than that at this point.

15 Q You don't anticipate that being a problem  
16 working out the details?

17 A We don't. It's something they agreed to  
18 and there was not much difficulty in reaching that  
19 number or having them agree to that type of fee.

20 Q When you were here in April there was some  
21 discussion and testimony about FMR and the Plaza in  
22 1992 and I think your perspective was that you felt  
23 secure with regard to working that out for 1991 which  
24 clearly has been done, but I think you indicated some  
25 concerns about 1992 that proceeding with a second deal

Ribis - By Vice Chair Armstrong

1 comparable to what you have just done to be very  
2 expensive. Has there been any further thought or  
3 consideration given to what's going to happen in 1992?

4 A Sure, there has been further discussion.  
5 I have had many, many discussions with Mr. Harmatz. I  
6 went up to Boston once to meet with him.

7 CHAIRMAN PERSKIE: This is with  
8 Fidelity?

9 A Fidelity, yes. He is head of the two  
10 funds we deal with. We have other plans. I have been  
11 dealing with Mr. DeSanctis with regard to that payment  
12 and obviously the completion of these hearings,  
13 successful completion of these hearings is a priority  
14 and I can assure the Commission that I don't have any  
15 level of concern that I will have a problem with the  
16 '92 payment and I view the FMR '92 arrangement to be a  
17 backup to other things that I could do with the  
18 property and we went through a period of transition  
19 with Mr. Etes's death, the property for a year  
20 and-a-half didn't have a firm hold on the management  
21 and now we have that and so that going forward I am  
22 confident that '92 is not going to be--we are planning  
23 a year ahead of time so that gives you a lot of time.

24 CHAIRMAN PERSKIE: If I may, let me  
25 interrupt for a second on that point. If I understand

Ribis - By Vice Chair Armstrong

1 that agreement correctly, you don't--it's not quite  
2 your call.

3 THE WITNESS: That's right.

4 CHAIRMAN PERSKIE: You don't have the  
5 ability on your own to determine that that's how the  
6 payment is going to be made. It's entirely their  
7 option but if they exercise it, it's exercised on  
8 those terms, that is essentially it?

9 THE WITNESS: That's correct.

10 CHAIRMAN PERSKIE: So really--

11 THE WITNESS: It's not a put or a  
12 call, it's a hybrid and I didn't want them--

13 CHAIRMAN PERSKIE: My point is who  
14 has something as a result of that? I don't see that  
15 anybody does.

16 THE WITNESS: We both do. As I see  
17 it that if the property is doing well we won't need it  
18 and I don't want to have to be forced to do it and  
19 that's why it ended up to be a hybrid.

20 CHAIRMAN PERSKIE: But the point is  
21 you can't be forced to do it anyway. Oh, I see it, if  
22 they call it you can.

23 THE WITNESS: Yes.

24 CHAIRMAN PERSKIE: If you don't  
25 otherwise make the payment they can require this

Ribis - By Chairman Perskie

1 transaction on those terms?

2 THE WITNESS: And I can assure you  
3 they will.

4 VICE CHAIR ARMSTRONG: I don't have  
5 any other questions at this point.

6 CHAIRMAN PERSKIE: Anybody else have  
7 any questions?

8 Mr. Ribis, I am sure we will probably  
9 have some questions after everybody else gets done,  
10 but let me just for the moment ask a couple of other  
11 things.

12 EXAMINATION

13 BY CHAIRMAN PERSKIE:

14 Q I think you had mentioned, it might have  
15 been Mr. Bollenbach, I'm not sure, if you feel more  
16 comfortable having him answer I will deal with it with  
17 him, but on the credit lines at the Taj ahead of the  
18 bonds, the total amount on that is 75 or 100?

19 A It's 100, but he will explain it to you.  
20 I would appreciate it if you would deal with him on  
21 that one, Mr. Chairman.

22 Q The votes we will get a little later.

23 Who, is it you or he that talked to  
24 me about the status of the subcontractors at the Taj?

25 A I can address that.

Ribis - By Chairman Perskie

1 Q What's the status there?

2 A The status is that we on confirmation have  
3 to present them with 20 million dollars face of bonds  
4 which we will do.

5 Q And that doesn't--that's not triggered  
6 until confirmation?

7 A That's correct.

8 Q The Regency, beyond the real estate taxes  
9 that were due May 1, what's the status of any other  
10 obligations that the Plaza has with respect to the  
11 Regency lease?

12 A With Manufacturers Hanover we had entered  
13 into as part of the overall transaction last year a  
14 lease arrangement. The lease payments pursuant to  
15 that agreement as you know have not been paid  
16 currently and we have negotiated a revised arrangement  
17 which is part of the term sheet which you have in  
18 front of you.

19 Q And pursuant to this, that term sheet, the  
20 Plaza will be responsible for the ongoing operating  
21 costs of the Regency?

22 A Until sold, yes, that is correct.

23 Q Including the real estate tax?

24 A We haven't--that's one of the areas we  
25 haven't discussed. That's an open issue. We have not



Ribis - By Chairman Perskie

1 finalized that. If we have to be responsible we will  
2 be, but that is an open issue as well as the  
3 final--when the final agreements are done, we have not  
4 finalized that.

5 Q It's expressly contemplated by you and by  
6 the bank that the Regency will be sold?

7 A Yes.

8 Q No particular timetable?

9 A As soon as possible.

10 Q Pending which it's at least possible from  
11 your point of view the real estate taxes accumulate  
12 unpaid?

13 A They won't accumulate unpaid. It will be  
14 resolved over the next short period of time as we do  
15 the documents.

16 CHAIRMAN PERSKIE: All right, as I  
17 have indicated, I hope you will keep yourself  
18 available.

19 Mr. Auriemma, do you have any other  
20 questions?

21 MR. AURIEMMA: No, not at this time.

22 CHAIRMAN PERSKIE: Thank you.

23 MR. FUSCO: The licensees will call  
24 Stephen Bollenbach.

25 CHAIRMAN PERSKIE: The guy that has

Bollenbach - Direct by Fusco

1    been writing all the letters.

2                    MR. FUSCO:    Yes.

3    S T E P H E N     F.     B O L L E N B A C H, having been  
4    first duly sworn, testified as follows:

5    DIRECT EXAMINATION

6    BY MR. FUSCO:

7                    MR. FUSCO:    Mr. Bollenbach's  
8    testimony will relate to A-54, Mr. Chairman, and  
9    members of the Commission.

10                   CHAIRMAN PERSKIE:    Mr. Fusco, please  
11    be sure in the discussions of this document that you  
12    ask Mr. Bollenbach to address his attention to the  
13    handwritten interlineation on the MidLantic execution  
14    of A-54.

15    BY MR. FUSCO:

16                   Q     Mr. Bollenbach, you have testified in  
17    these proceedings during April and now we are back and  
18    A-54 has been marked into evidence in these  
19    proceedings.    Could you describe to the Commissioners  
20    its content and where we are with this document?

21                   A     Yes.    This document represents the work  
22    that we have done over the last several months with  
23    the various banks that have made loans to--have loans  
24    outstanding to Donald Trump and it's the successful  
25    conclusion of agreements with the banks which are

Bollenbach - Direct by Fusco

1 exactly in economic terms what we have been working on  
2 the whole time and results in Donald Trump's financial  
3 stability.

4 CHAIRMAN PERSKIE: Are all of the  
5 banks that were involved with The Trump Organization  
6 and/or involved in the original Credit and Override  
7 Agreement encompassed in A-54?

8 THE WITNESS: Yes, they are.

9 CHAIRMAN PERSKIE: There was a  
10 reference at some point I saw somewhere to Chase  
11 Manhattan. They are not in here.

12 THE WITNESS: Yes, they are. Chase  
13 is signature to--

14 CHAIRMAN PERSKIE: They are not the  
15 one then I am thinking of.

16 THE WITNESS: To the all encompassing  
17 letter as well as to their individual term sheet.

18 CHAIRMAN PERSKIE: Hold on a minute  
19 then. It was--hold up just a minute. The reference I  
20 think it was in one of our Division of Financial  
21 Evaluation reports and I can't find it. Why don't you  
22 proceed and I will attempt to find the one I was  
23 looking for. Go ahead, Mr. Fusco.

24 BY MR. FUSCO:

25 Q Mr. Bollenbach, you were describing what

Bollenbach - Direct by Fusco

1 A-54 has accomplished.

2 A Well, I think what it's accomplished is to  
3 assure that Donald Trump is financially stable. It  
4 encompasses agreements that reduce his personal  
5 obligations on these various loans to a very  
6 manageable amount and set a time frame even with those  
7 manageable amounts as to when they could be called and  
8 basically pushes any calls out for a period of five  
9 years. It represents agreements each of the  
10 individual banks as to how their individual loans will  
11 be dealt with. It represents an agreement as to how  
12 the funds that were advanced to Trump last summer, the  
13 so-called new money, how that will be dealt with.  
14 Basically it is an agreement among all his banks to  
15 reduce their claims on Trump, provide for the sale of  
16 certain assets, but not very many assets, but certain  
17 of the assets and I think assures us all that Trump is  
18 financially stable.

19 MR. FUSCO: I also make reference to  
20 exhibit A-57, Mr. Chairman.

21 BY MR. FUSCO:

22 Q A-54, of course, is the executed term  
23 sheet, Mr. Bollenbach. A-57 is an exhibit also in  
24 these proceedings. Could you comment for the  
25 Commissioners?

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1           A     A-57 is a letter from Tom Cherubino who  
2 you know has testified before this Commission before  
3 and is A partner at Willkie, Farr & Gallagher who  
4 works with us on documenting the various agreements we  
5 have with the banks in this. In this letter Mr.  
6 Cherubino says that he believes that we will be able  
7 to close the final agreements with the banks within 90  
8 days. By the way, I endorse that. I think that these  
9 banks have worked with us long and hard and they are  
10 as anxious as we are now to finish the technical part  
11 of this transaction, the documentation of our  
12 agreements and get that behind us.

13           Q     Mr. Bollenbach, the Chairman made inquiry  
14 regarding the signature of MidLantic National Bank to  
15 A-54.

16           A     Right. Let me find that.

17                     CHAIRMAN PERSKIE: The pages aren't  
18 numbered.

19           A     Their term sheet is signed by Ben Berzin,  
20 the senior VP of the bank, which we have worked  
21 closely with on this transaction. At MidLantic we  
22 have also worked with Bill McCoy, who is Ben's boss,  
23 and also at times with the Chairman of the bank, Gary  
24 Shearing. This letter is signed by Ben on behalf of  
25 the bank and he makes a note provided however the

Bollenbach - Direct by Fusco

1 schedule one is incorrect as it relates to MidLantic.  
2 What he is referring to is schedule one at the  
3 headings on the top of the sheets there is a column  
4 that says released and Ben's comment is to be sure  
5 that we recognize that this document does not release  
6 the 49 million dollars personal obligation of Trump,  
7 but that will be released in another document which  
8 will encompass the things that are necessary to do in  
9 order to sell the Penthouse site and that will be the  
10 document that will release Trump.

11 CHAIRMAN PERSKIE: Can we get a  
12 letter to that effect from the bank?

13 THE WITNESS: I hope that we could  
14 fairly quickly provide you with the documentation that  
15 completes the Penthouse. Certainly before 90 days.

16 CHAIRMAN PERSKIE: Okay, but the  
17 point is with respect to the extent to which he  
18 asserts that his signature doesn't bind him to  
19 schedule one, in that it is incorrect, if what he  
20 means by that is what you say he means, that's fine,  
21 but he ought to be able to provide you and you us with  
22 that elaboration on the amendment to his signature  
23 which explains what he means by schedule one being--if  
24 all he means is the release of the 49 is not effected  
25 by this schedule, but rather by that transaction

Bollenbach - Direct by Fusco

1 consistent with the terms of the term sheet, that's  
2 something frankly I think we would have understood  
3 anyway.

4 THE WITNESS: Well, he has told me  
5 that. Let me simply ask him if he will write a letter  
6 and direct it to you.

7 CHAIRMAN PERSKIE: Direct it to you  
8 and you get it to us.

9 THE WITNESS: Okay, I will ask him  
10 that.

11 BY MR. FUSCO:

12 Q Mr. Bollenbach, at the end of the period  
13 when this transaction is documented and closed, do you  
14 have an opinion as to the financial stability of Mr.  
15 Trump as a qualifier to the three casino licenses  
16 through the period of May 1993?

17 A Well, I think it's absolutely clear that  
18 Trump is qualified and financially stable. This  
19 collection of documents makes Trump one of the most  
20 qualified of any operator I think in Atlantic City in  
21 terms of financial stability.

22 MR. FUSCO: Mr. Chairman, I know  
23 there will be other questions at this point. They are  
24 the questions I have for Mr. Bollenbach on direct.

25 CHAIRMAN PERSKIE: All right. Mr.

## Bollenbach - Cross by Auriemma

1 Auriemma.

2 CROSS-EXAMINATION

3 BY MR. AURIEMMA:

4 CHAIRMAN PERSKIE: By the way, just  
5 while you are coming up, I meant to indicate yesterday  
6 in the exhibit C-13 which is the Division's  
7 financial--excuse me, the Commission's Division of  
8 Financial Evaluation report there is a typo on page  
9 two. It refers to an 18.1 million dollar cash  
10 balance, July 1 1991. It should more accurately refer  
11 to July 1, 1990 I think.

12 BY MR. AURIEMMA:

13 Q Mr. Bollenbach, with respect to these term  
14 sheets, the one bank that was part of the Credit and  
15 Override process that's not here is Marine Midland  
16 Bank; is that correct?

17 A That's right, and the reason they are not  
18 is their only involvement was in relationship to a  
19 property in Palm Beach and we had some time ago  
20 reached an agreement with them and transferred that  
21 property in exchange for release. So they are no  
22 longer a party to the Trump group of banks.

23 Q With respect to that there was a  
24 restructuring agreement in toto that was introduced as  
25 A-34?



## Bollenbach - Cross by Auriemma

1 A Yes.

2 Q Now, in understanding what is exactly  
3 happening here, with respect to the new money facility  
4 from last summer, the 65 million dollars, what as of  
5 today is the approximate balance left on that line?

6 A My recollection is that it's approximately  
7 45 million dollars.

8 Q Left--

9 A Has been drawn.

10 Q Has been drawn so there is approximately  
11 20 million dollars left to be drawn?

12 A There was a reduction in that amount when  
13 we sold a 727 jet plane and we reduced that amount my  
14 recollection is by six million dollars. So that  
15 differential is available today under that line,  
16 although we anticipate cancelling that line as a part  
17 of this transaction.

18 Q Right. When you were here in April it was  
19 anticipated by your testimony that there would be  
20 additional draws upon that line at that point?

21 A That's right, and we do have that  
22 feature. We have changed the format slightly in that  
23 instead of drawing cash the banks have agreed to  
24 release collateral.

25 Q So in essence--

Bollenbach - Cross by Auriemma

1 A Which is really the same thing.

2 Q So in essence there would be no further  
3 draws on that particular line?

4 A We don't anticipate anymore draws because  
5 they will release collateral to us.

6 Q The cash then that will come into Mr.  
7 Trump and the organization for use throughout the  
8 organization then depends upon the sale of certain  
9 condominiums in Trump Tower?

10 A Well, that's the source that we have  
11 targeted.

12 Q Well--

13 A That's our budgeted source.

14 Q Is it fair to say that in August, October  
15 and December of 1991 it's anticipated from that source  
16 that two million dollars in each of those months will  
17 come into the organization for use--

18 A Yes. That is our budget.

19 Q And at present are there any contracts for  
20 sale of any of those condos?

21 A There has been a lot of discussion with  
22 qualified buyers and it's my belief that a contract  
23 could be entered into immediately if we wanted to on  
24 one or more of those units, but I think we will  
25 probably continue to work on that and be sure we are

Bollenbach - Cross by Auriemma

1 getting the best price possible for the apartments.

2 Q Is it also possible that any of those  
3 units could be mortgaged by Mr. Trump?

4 A Yes, that would be.

5 CHAIRMAN PERSKIE: They are not now  
6 pledged to anything?

7 THE WITNESS: No. They will be  
8 released from--they are currently held by the banks  
9 under their new money facility and in lieu of  
10 advancing us funds against those units they basically  
11 release the units to us so if we wanted we could  
12 borrow from someone else.

13 CHAIRMAN PERSKIE: How many units are  
14 involved?

15 THE WITNESS: My recollection is  
16 there is I think it's 10, 10 units, 10 apartments.

17 CHAIRMAN PERSKIE: Those apartments  
18 that are anticipated to generate the 18 million  
19 dollars of which The Trump Organization gets to keep  
20 55 percent or 10 million?

21 THE WITNESS: 10 million, right,  
22 exactly.

23 CHAIRMAN PERSKIE: So they will have  
24 to average \$1,800,000 a unit?

25 THE WITNESS: Yes, they are easily

## Bollenbach - Cross by Auriemma

1 salable at that. These are units in Trump Tower and  
2 the real estate market, as we all know, is not the  
3 best that it's ever been in New York, but the top of  
4 the market sells, still sells very well i n New York.

5 CHAIRMAN PERSKIE: All the units are  
6 the same or do they vary?

7 THE WITNESS: They vary.

8 CHAIRMAN PERSKIE: What's the  
9 smallest?

10 THE WITNESS: The size, I'm sorry, I  
11 just don't know the answer to that.

12 BY MR. AURIEMMA:

13 Q In April you and I had a discussion about  
14 the cash position of Trump Organization at that point  
15 and it was somewhere between 1.6 and 1.8 million  
16 dollars and essentially it's pretty much the same as  
17 we speak today?

18 A I think that part of it is the same, but I  
19 think that one of the things that we didn't focus on  
20 very well is that you are looking at a very tiny part  
21 of the Trump enterprise and you are looking at that  
22 tiny part and you are saying that there is a small  
23 amount of money in this tiny part of the  
24 organization. Now, that is correct in that small part  
25 of the organization we keep small cash reserves and so

## Bollenbach - Cross by Auriemma

1 your number is correct as to that small part of the  
2 total enterprise.

3 Q And, of course, we know that Taj Mahal has  
4 30 million dollars plus house funds that Mr. Ribis  
5 testified to and also Trump Castle has those fund, is  
6 that what you are referring to as well?

7 A And the Plaza Hotel in New York has funds  
8 in it and the Trump Shuttle has funds in it and there  
9 is money either in or available to Trump Palace and if  
10 you went through each of the operating businesses they  
11 all have their funds available to them, sometimes in  
12 excess of what they need for operations, sometimes  
13 dedicated to future operations.

14 Q The other thing we focused on in April was  
15 the fact that Mr. Trump's ex-wife was living in a  
16 triplex I guess it's called which your testimony at  
17 that point was that it's worth a lot of money and was  
18 unincumbered?

19 A That's correct and still correct.

20 Q And that divorce settlement requires a  
21 four million dollar payment to her upon her giving  
22 notice that she intends to quit that facility; is that  
23 accurate?

24 A That's my recollection of the divorce  
25 agreement.

## Bollenbach - Cross by Auriemma

1 Q And there is a period of time to pay that,  
2 right?

3 A Right.

4 Q As far as you know there has been no  
5 notice by Mr. Trump's ex-wife that she will, in fact,  
6 quit the premises and that a four million payment is  
7 due?

8 A I know that there has been no such notice.

9 Q The Credit and Override Agreement from  
10 last summer, is it a fair statement to say that they  
11 essentially stay in place subject to modification?

12 A Well, I think that's a--that's not a  
13 complete statement because I think one needs to  
14 understand the modifications will be quite dramatic  
15 and while the skeleton of some of those agreements  
16 stay in place, they basically stay in place because  
17 they provide benefits for Trump and the parts of the  
18 agreement that don't provide benefit will go away when  
19 we finish these papers.

20 Q The one thing that stays in place for sure  
21 is that the pledge of Mr. Trump's equity in the three  
22 casino hotels will stay in place?

23 A That is one thing that stays in place.

24 Q Is it also fair to say that--

25 A Another thing that stays in place is it

Bollenbach - Cross by Auriemma

1 defers any obligation on Trump to make payments on  
2 certain loans for many years into the future.

3 CHAIRMAN PERSKIE: What does that  
4 mean? Does that mean that the equity pledge of his  
5 interest in all three casinos securing these  
6 obligations can't be called for five years?

7 THE WITNESS: Basically that's what  
8 it means.

9 CHAIRMAN PERSKIE: It's the word  
10 basically--

11 A That's what it means. That's what it  
12 means.

13 Q There are other allocations of loans that  
14 can be made as well if I understand it correctly. For  
15 example, the piece of property owned by Seashore Four  
16 Associates--

17 A Right.

18 Q --that is something new to the system?

19 A No. It's not new to the system. What we  
20 did in working out the new money facility is that in  
21 some cases some of the banks felt more comfortable in  
22 moving their position closer to an asset that they  
23 understood and in all cases had some other  
24 involvement. So in the case of Seashore Four, First  
25 Fidelity--

## Bollenbach - Cross by Auriemma

1           Q     Seashore Four is--owns property--a Trump  
2     owned facility or entity which owns land under the  
3     Trump Plaza?

4           A     That's exactly right, and First Fidelity  
5     felt more comfortable in moving I'm going to use the  
6     word moving closer to all of the banks that had a lien  
7     on that property and basically the banks allowed First  
8     Fidelity to have a superior position to them as to  
9     that property in exchange for which First Fidelity  
10    released Trump of personal obligation.

11          Q     And there were others as well?

12          A     Yes, there were others. Nat West changed  
13    in similar manner as did Manufacturers Hanover.

14          Q     Tell me, with respect to that allocation,  
15    is that allocation something that is at the discretion  
16    of the bank or is that at the discretion of Mr. Trump?

17          A     The discretion in what--

18          Q     To allocate those particular loans to  
19    particular pieces of collateral?

20          A     Well, it is done now. So it's an agreed  
21    allocation now--

22          Q     So there is no discretion then?

23          A     There is no discretion. We have agreed to  
24    that.

25          Q     Previously with respect to Trump Castle,



Bollenbach - Cross by Auriemma

1 there was a concept that an entity that is Trump owned  
2 called Don Van, which was formerly the helicopter  
3 services entity, purchased Castle bonds. That I  
4 assume is not going to occur?

5 A No. We still have that agreement in place  
6 with CIT and that may indeed occur in the future.

7 CHAIRMAN PERSKIE: Sorry, that's  
8 Castle bonds?

9 MR. AURIEMMA: Castle bonds, right.

10 BY MR. AURIEMMA:

11 Q Don Van, let me go over it a little bit  
12 more, Don Van has currently approximately 10 million  
13 dollars in the account from the sale of various  
14 helicopters?

15 A Right.

16 Q And the contemplation was, at least in  
17 April, was that Don Van may purchase Castle bonds?

18 A That's right.

19 Q And--

20 A And, in fact, it did purchase some Castle  
21 bonds.

22 Q And ultimately would use funds from those  
23 bonds to pay off obligations to the CIT group?

24 A I think what we are doing, Mr. Auriemma,  
25 is we were substituting those bonds for the existing

## Bollenbach - Cross by Auriemma

1 collateral that CIT has which is liens on helicopters.

2 Q There is no recourse by CIT to Mr. Trump  
3 personally, is there?

4 A There is. It's to the extent they have a  
5 loss they have I believe a 14 million dollar guarantee  
6 from Trump which would come due in about four years.

7 Q Referring to A-54 which is your term sheet  
8 agreements and schedule one which is part of that, is  
9 that CIT guarantee anywhere on that document?

10 A No, it's not.

11 Q Other than this 14 million dollar personal  
12 guarantee and the personal guarantees that are on  
13 schedule one, which I will go over in a minute, are  
14 there any other personal guarantees of Mr. Trump?

15 A No, there are none others--none other.

16 Q Let's--do you have that schedule one in  
17 front of you?

18 A Yes, I do.

19 Q Again, that's part of A-54, correct?

20 A Yes.

21 Q In general terms, is it fair to say that  
22 ultimately there is a deficiency pool created of 115  
23 million dollars to certain banks?

24 A I think it would be correct to say there  
25 will be continuing guarantees for various banks of 115

Bollenbach - Cross by Auriemma

1 million dollars which will continue to guarantee  
2 certain loans that they have outstanding.

3 Q And some of those deficiencies put a cap  
4 on the amount of money that Mr. Trump would be liable  
5 for?

6 A They all do.

7 Q They all do. So for, let's just take  
8 one--

9 A Not only a cap in term of dollars, but  
10 also a cap in terms of time in that even if those  
11 dollars were ultimately required to be paid, they  
12 would not be paid for a period of five years and there  
13 would be no interest on those. So even though that  
14 schedule totals to 115 million dollars, even if it was  
15 all to be paid, we recognize it wouldn't be paid for  
16 five years and since there is no interest on it, I  
17 think we would all say that the current value of the  
18 obligation that Trump has is significantly less than  
19 115 million dollars.

20 Q Let's focus for a minute on the bank  
21 number two there which is Citibank. Under that column  
22 Plaza junior I presume, right?

23 A Yes.

24 Q And ultimately on your category equity,  
25 liens, mortgages there is a figure of approximately

## Bollenbach - Cross by Auriemma

1 133 million dollars?

2 A That's right.

3 Q Is Mr. Trump personally liable for that  
4 loan with respect to the Plaza Hotel in New York?

5 A Yes, he is.

6 Q And he remains liable on that?

7 A Yes, he does.

8 Q Let's go down to the Chase Bank.

9 CHAIRMAN PERSKIE: Sorry, I need to  
10 understand that a little better than I do. That 133  
11 figure is under the vertical column equity, liens or  
12 mortgages not under contingent liability.

13 THE WITNESS: That's right.

14 CHAIRMAN PERSKIE: So the 115 of  
15 contingent liability is over and above certain other  
16 claims such as that one primarily for which he remains  
17 personally liable?

18 THE WITNESS: That's the largest one  
19 and the primary distinction in my mind is that that is  
20 a loan, that 133 million is easily, easily covered by  
21 the value of the asset and indeed the banks have said  
22 to us that if we would return or if we would sell that  
23 asset to them for the amount of that loan they would  
24 be happy to release Trump from his guarantee. The  
25 fact is we don't want to sell the Plaza Hotel for what

Bollenbach - Cross by Auriemma

1 is a small, relatively small amount of--it's not a  
2 price that is acceptable to the Plaza, but we could  
3 sell them the Plaza. They would release Trump from  
4 that obligation.

5 CHAIRMAN PERSKIE: Of the 212 million  
6 that's in that column altogether, under equity, liens  
7 or mortgages--

8 THE WITNESS: Yes.

9 CHAIRMAN PERSKIE: --how much of that  
10 212 is he personally on?

11 THE WITNESS: All of that.

12 CHAIRMAN PERSKIE: And the other 12  
13 million that is below that line, three loans I guess  
14 NatWest, Manufacturers and First Fidelity, he will  
15 remain personally obligated on those as well?

16 THE WITNESS: No. Those he would not  
17 remain personally obligated on.

18 CHAIRMAN PERSKIE: And in the next  
19 column, 115 is the contingent liability you have  
20 spoken of?

21 THE WITNESS: Right.

22 CHAIRMAN PERSKIE: Now under that  
23 there is another 22 million.

24 THE WITNESS: Which he would remain  
25 obligated.

Bollenbach - Cross by Auriemma

1 CHAIRMAN PERSKIE: Will.

2 THE WITNESS: Yes.

3 CHAIRMAN PERSKIE: On the same  
4 contingent term that is the five year restriction on  
5 enforcement.

6 THE WITNESS: Yes. There is a  
7 difference that is not apparent from this schedule is  
8 that those loans below 115 million dollar will accrue  
9 interest.

10 CHAIRMAN PERSKIE: Okay, so that  
11 actually his contingent liability is 100--almost 148?

12 THE WITNESS: Yes, sir.

13 CHAIRMAN PERSKIE: Plus the 212 that  
14 he is on anyway that are secured by assets other than  
15 his signature as well.

16 THE WITNESS: Yes, sir.

17 MR. AURIEMMA: You covered it  
18 perfectly.

19 BY MR. AURIEMMA:

20 Q Let me just ask a couple other questions  
21 then.

22 Just give us an update on the Boston  
23 Safe transaction with respect to the Trump Princess.

24 A We have signed the documents, made  
25 arrangements to sell the yacht to the bank in exchange

Bollenbach - By Chairman Perskie

1 for relief of all of the debt and other obligations of  
2 Trump. I believe the only thing that is holding up  
3 the closing is one of the banks has lost their  
4 mortgage. We suggested maybe we didn't have to pay  
5 them, but they would rather search their vaults and  
6 files to find the mortgage. That's what is holding it  
7 up.

8 CHAIRMAN PERSKIE: It's not recorded  
9 anywhere?

10 THE WITNESS: We have thought of  
11 always asking to see our notes and mortgages when they  
12 demand these payments. Bankers Trust has been unable  
13 to locate the mortgage.

14 CHAIRMAN PERSKIE: There is a  
15 malpractice insurer someplace who has just checked  
16 into a hospital.

17 MR. AURIEMMA: I have nothing  
18 further, Mr. Chairman, of Mr. Bollenbach.

19 EXAMINATION

20 BY CHAIRMAN PERSKIE:

21 Q Mr. Bollenbach, let me ask first, I don't  
22 know if you were in the room when Mr. Ribis fobbed  
23 this one off on you, but I want to ask about the  
24 hundred million dollars at the Taj.

25 A Yes.

Bollenbach - By Chairman Perskie

1           Q     The senior credit lines that are  
2 contemplated. When you were last here you indicated  
3 that for the business terms you testified to those  
4 were going to be easy loans to achieve and that it was  
5 in the interest of the organization not to achieve  
6 them until it had to. Is that still your position?

7           A     Absolutely.

8           Q     Have there been substantive discussions  
9 with any banks with respect to those lines?

10          A     Yes, there have. We have had substantive  
11 discussions, detailed and substantial discussions  
12 primarily with Bankers Trust including the chief  
13 credit officer of the bank. They have given us the  
14 outline of the term sheet, but in order to--well, let  
15 me say that better. It's not an outline of a term  
16 sheet. It is a detailed term sheet that outlines the  
17 loans that they be prepared to give the pricing--

18          Q     Forgetting the pricing for the moment,  
19 describe the contours of the proposed agreement  
20 understanding that nobody has signed anything yet.

21          A     It would be a first mortgage on the  
22 property for 100 million dollars total credit, part of  
23 which would be--all of which would be available to be  
24 drawn and repaid on a revolving basis.

25          Q     What would be the term of the loan?



Bollenbach - By Chairman Perskie

1           A     I have forgotten. It's shorter than the  
2 bonds. I'm going to say five years and if it's any  
3 different than that I will let you know.

4           Q     And the obligations, the current  
5 obligations will be just interest or would there be an  
6 amortization schedule?

7           A     There would be no amortization schedule.

8           Q     So it's essentially interest only as you  
9 draw down the money for a term of maybe five years?

10          A     Yes, and the ability to draw money, repay  
11 it, draw it again, a standard revolving credit  
12 facility with--

13          Q     At this point I assume you have not  
14 thought through or don't have any particularly focused  
15 strategy on where ultimately the 100 million gets  
16 placed in terms of refinancing?

17          A     Well, actually I wouldn't expect that  
18 money would ever be drawn. The use of those funds are  
19 to be used in the event the Taj does not earn enough  
20 interest, does not earn enough to pay its interest on  
21 the restructured bonds. My opinion is that we will  
22 always earn enough to pay that. So this is an  
23 emergency facility, stand-by facility.

24          Q     Is that drawable only for interest for the  
25 bonds or is it drawable for any deficiencies in

Bollenbach - By Chairman Perskie

1 operating costs? Suppose you get hit with a  
2 progressive, for example?

3 A Half of it is to be used to pay for  
4 interest on the bonds, the other half be used for  
5 things like being--

6 Q Working capital?

7 A It's working capital, right.

8 Q In your discussions with the several banks  
9 attendant to A-54, has it been made clear as far as  
10 you are concerned that any credit or resource that is  
11 contemplated there with respect to the equity interest  
12 in the casinos would be subject in any case to  
13 appropriate applications and approval by the  
14 Commission?

15 A They are all aware of that, but there is  
16 really no change in the current liens. These are all  
17 liens that are currently in place and all we are doing  
18 is moving banks, reallocating who goes where. There  
19 would be no new lien.

20 Q That leads me to my next subject really.  
21 It's the same subject in a different way. The subject  
22 generically is cross-collateralization and what I am  
23 interested in focusing on is the extent to which any  
24 potential default in any of these loans may as far as  
25 the organization is concerned or as far as the banks

Bollenbach - By Chairman Perskie

1 are concerned constitute a basis to move against any  
2 one or more of the equities in the casino. Let's talk  
3 about that for a few minutes. As you understand it,  
4 to what extent, if at all, is there any  
5 cross-collateralization on this equity?

6 A I think in some cases there are primary  
7 liens against the equity. Now, I don't know if we are  
8 referring to that as a cross-collateralization, but  
9 there are certain banks that have an equity--have a  
10 charge on Trump's equity and in the event that they  
11 were not paid could move directly against that  
12 equity. First Fidelity comes to mind.

13 Q Now, what loan is that, for example?

14 A That's as to Trump's equity on the Taj.  
15 They have a 78 million dollar charge.

16 Q Okay, and what else? Assume for the  
17 moment a default in that loan which causes them  
18 subject again to coming here first, causes them to  
19 move against his equity in the Taj, what as far as you  
20 are concerned would under those circumstances be the  
21 ramifications with respect to the Plaza or the Castle?

22 A I don't believe that it would effect the  
23 Plaza or the Castle.

24 Q Same question essentially generically with  
25 respect to each of the loans, are there any loans that

Bollenbach - By Chairman Perskie

1 as far as you are concerned are so structured so that  
2 in the event of a problem on any one they have  
3 ramifications beyond the asset that secures them or  
4 the five year deferred commitment that he has got  
5 personally that would in effect ripple from one  
6 property to the other?

7 A It's absolutely clear in my mind that  
8 nothing of that nature could happen for a period of  
9 five years. After a period of five years--

10 Q Well, arguably if after five years he is  
11 called on any one of those obligations that he hasn't  
12 made, presumably a case could be made that he doesn't  
13 any longer as--as a required financial source or as a  
14 required qualifier of financial stability, I  
15 understand that part.

16 A Right.

17 Q The question I am asking is whether for  
18 the five year period any default or any failure in any  
19 one of the obligations either in connection with any  
20 one of the hotels or in connection with any asset  
21 other than the hotels gives anybody the right to move  
22 against any of the hotels or any other hotel?

23 A I believe that there are certain rights to  
24 do that which are subject, whose rights are subject to  
25 waiver by one-third of the banks, and it's my belief

Bollenbach - By Chairman Perskie

1 that in any case there would be waiver so that there  
2 was not a crossover effect if I can use that word.

3 Q Okay, I hear you.

4 CHAIRMAN PERSKIE: Mr. Fusco, I think  
5 we will need some presentation very specifically on  
6 that point. To the extent that this structure permits  
7 any type of I use the term cross-collateralization  
8 generically, it might not mean exactly that. What I  
9 am getting at is does any default in any one of these  
10 loans presumably attendant to any one hotel constitute  
11 an active default--an act of default or an incident of  
12 default with respect to any other and to the extent it  
13 does, I would like to have that laid out very  
14 specifically this afternoon if you can, otherwise  
15 tomorrow.

16 BY CHAIRMAN PERSKIE:

17 Q On the Chase question, it appears that I  
18 had asked rhetorically a little while ago, Chase has  
19 signed as I see it A-54, but there is no specific term  
20 sheet with respect to them. Is that because--

21 A No, there is one with respect to them.

22 Q There is?

23 A It's kind of a nil case because basically  
24 we are not asking them to change any of those loans.

25 Q Right, I see, no changes, no changes, see

Bollenbach - By Vice Chair Armstrong

1 June 1991 proposal letter.

2 A Right, and in that letter they signed.

3 Q MidLantic we talked about.

4 You testified I think or somebody did  
5 about the zoning status of the Penn Yards the last  
6 time we were here. Are you familiar with that?

7 A Yes, I am.

8 Q Any change since our last hearing in that  
9 respect?

10 A Donald Trump continues to work on that  
11 personally and spends probably as much time on that as  
12 any other thing, any other business activity that he  
13 is involved in and it's moving forward.

14 CHAIRMAN PERSKIE: That's all I have  
15 at this point.

16 Anybody else on the Commission have  
17 any questions for Mr. Bollenbach?

18 Vice Chair.

19 EXAMINATION

20 BY VICE CHAIR ARMSTRONG:

21 Q Mr. Bollenbach, I think it's pretty  
22 apparent that the proposed sales of the Trump Tower  
23 apartments is pretty significant to Mr. Trump's  
24 financial stability. I hear what you are saying that  
25 the apartments are very salable. Unfortunately, I

Bollenbach - By Vice Chair Armstrong

1 have heard that before before this Commission, not  
2 from you necessarily, but from other entities and have  
3 been asked to hang my decision on the fact that  
4 certain assets are salable. I want to ask you about  
5 the "what if." What if they are not sold on the  
6 proposed schedule, what are Mr. Trump's alternatives  
7 if those sales don't pan out?

8 A Commissioner Armstrong, I think that  
9 that's our budget to sell these unit, but I think it's  
10 not correct to focus on that as being a--an important  
11 part of Trump's financial stability. I think that  
12 what we have achieved with all these agreements is to  
13 basically relieve Trump from enormous obligations and  
14 we protected for him huge assets that we have talked  
15 about and testified here before about. So basically  
16 what you have is somebody with great wealth, great  
17 opportunities and we have laid out a budget that shows  
18 how he covers things like personal expenses, advice of  
19 lawyers, my salary, for example, and then we laid  
20 out--

21 CHAIRMAN PERSKIE: Is that an  
22 important part by the way?

23 THE WITNESS: No. It's so small that  
24 it would hardly trouble you.

25 A So we have laid out a source for those

Bollenbach - By Vice Chair Armstrong

1 things and we have said, well, the easy source to look  
2 at is--he will sell these apartments because they  
3 should be sold anyhow. It's not sensible to have  
4 vacant real estate in a market where you can sell  
5 them. So we have targeted that as the source. But  
6 truly that is not the only source and I don't mean to  
7 say that it won't be the source because I think it  
8 really will. It's a real easy one and, as I said, I  
9 think those units should be sold, but I don't think  
10 that that's a critical issue in terms of Trump's  
11 financial stability.

12 Q I guess the bigger question is his  
13 financial flexibility. I mean if things don't go  
14 according to what's been submitted to us and if for  
15 some reason he needs additional financial resources,  
16 what kind of flexibility, financial flexibility does  
17 he have?

18 A Well, that's really what I am saying, I  
19 think that you basically have a licensee with  
20 tremendous wealth and with that comes financial  
21 flexibility. I think that what we have really  
22 demonstrated over these last months is that we were  
23 able to work out problems at a time where Trump had  
24 900 million dollars worth of personal guarantees, now  
25 having reduced those to maybe 100 million dollars. He



Bollenbach - By Vice Chair Armstrong

1 certainly has flexibility, and I really don't think  
2 it's difficult to agree that Trump can come up with  
3 the money he needs to do things, as I said, to keep  
4 staff employed, personal staff employed, to maintain  
5 the things that are personal investments of his. So I  
6 don't think it's difficult. Alternatively, even if  
7 you didn't, I don't know that that would make Trump  
8 financially unstable.

9 CHAIRMAN PERSKIE: How long--

10 A Even if he didn't continue to make some of  
11 those personal expenses.

12 CHAIRMAN PERSKIE: How long have  
13 those apartments or have they been on the market for  
14 sale?

15 THE WITNESS: They really haven't  
16 been on the market since they have been collateral for  
17 these loans. I think the apartments were probably  
18 built four years ago, five years ago. I don't know  
19 how long ago, but sometime.

20 CHAIRMAN PERSKIE: But there was a  
21 period of time before they were collateralized or used  
22 for collateral that they were available for sale?

23 THE WITNESS: I really don't know.

24 CHAIRMAN PERSKIE: Anybody else at  
25 this point?

Bollenbach - By Vice Chair Armstrong

1 All right, thank you--Mr. Auremma,  
2 anything further?

3 You may step down, Mr. Bollenbach.

4 We will take a 10 minute recess  
5 before we call your next witness.

6 (At which point a break was taken  
7 from 11:25 a.m. to 11:43 a.m.)

8 CHAIRMAN PERSKIE: I have had a  
9 reasonably unanimous request for a luncheon recess  
10 which the Commission being the fressers that we are  
11 are inclined to grant. We will recess for lunch and  
12 reconvene at 1:30.

13 (At which time a lunch break was  
14 taken from 11:45 a.m. to 1:37 p.m.)

15 CHAIRMAN PERSKIE: Mr. Greenberg, are  
16 you ready?

17 MR. GREENBERG: Yes, sure, thank  
18 you.

19 CHAIRMAN PERSKIE: I wouldn't want to  
20 start without you.

21 We are getting coats for those that  
22 need them.

23 We will reconvene at this point,  
24 again, observing for the record that the full  
25 Commission is here.

Bollenbach - Redirect by Fusco

1 Mr. Fusco, are you ready to proceed?

2 MR. FUSCO: Yes, Mr. Chairman.

3 We would recall Mr. Bollenbach to the  
4 stand.

5 REDIRECT EXAMINATION

6 BY MR. FUSCO:

7 Q Mr. Bollenbach, you will recall that there  
8 was a question by the Commission, Chairman, regarding  
9 what could happen by virtue of the  
10 cross-collateralization of the casino equity. Could  
11 you make a comment?

12 A Yes. I think what I had said is that the  
13 Override Agreement is changed in manners which relieve  
14 Trump of certain burdens, but the Override Agreement  
15 that was described last August to the Commission  
16 remains in place and so all of the things that Tom  
17 Cherubino testified to during those hearings as  
18 relates to collateral--

19 CHAIRMAN PERSKIE: Well, Mr.  
20 Bollenbach, the problem with that is that as I look  
21 around the room everybody was here last August except  
22 for me.

23 THE WITNESS: Ah-hah.

24 CHAIRMAN PERSKIE: So that doesn't  
25 help me very much.

## Bollenbach - By Chairman Perskie

1           A       There was about 150 pages of testimony  
2 that Cherubino gave at that time. He is not here  
3 right now.

## 4 EXAMINATION

5 BY CHAIRMAN PERSKIE:

6           Q       What's your understanding of how that  
7 relates to the question that I asked?

8           A       My understanding would be that there could  
9 be an event which failing waiver by one-third of the  
10 banks could allow the banks to go against the various  
11 Trump equities in the casinos.

12          Q       Such as?

13          A       Such as the Castle, equity in the Castle.

14          Q       No, no, what kind of event?

15          A       A default. There is a very complete  
16 process wherein the banks would have an opportunity to  
17 waive that default and if one-third of the banks  
18 agreed to that waiver then the default would be cured  
19 and there wouldn't be an ability to go against the  
20 crossed collateral.

21          Q       But as I understand the thrust of the  
22 program that you have put together at A-54, it  
23 essentially particularizes the collateral of each of  
24 the several loans?

25          A       That's right.

Bollenbach - By Chairman Perskie

1           Q    So that it identifies assets to loans with  
2 some degree of specificity?

3           A    Right.

4           Q    That being the case, what economic  
5 significance is left or why is it appropriate to  
6 afford a bank whose loans might not be in default the  
7 opportunity to object to a waiver that has nothing to  
8 do with them?

9           A    I think that the answer to that is they  
10 have that power now.

11          Q    I understand that.

12          A    And it's difficult to get them to give up  
13 a right they have.

14          Q    I understand that too, but you are all,  
15 you and we and everybody else remaking the world, if  
16 that was a necessary condition to agreement in August,  
17 as I understand it it was, because there was no  
18 particularizing of the collateral of the security  
19 behind the entire 65 million dollar line, and if now  
20 all of those loans are being particularized as to  
21 collateral, why should there be economic significance  
22 in the situation I have just described?

23          A    Well, one answer is that all of the loans  
24 aren't being particularized or changed. A good  
25 example is the junior mortgage on the Plaza Hotel in

## Bollenbach - By Chairman Perskie

1 New York. They are not being asked to change anything  
2 and because of that their rights that they had when  
3 that agreement was put together last summer will still  
4 be in place and because their rights stay in place I  
5 don't think it's possible to get the other banks to  
6 give up their rights. I don't believe it's important  
7 to Trump in any regard. I just don't think it's  
8 possible to get them to eliminate that provision of an  
9 agreement that they currently have, and it's extra  
10 difficult because there is one bank group that's not  
11 being asked to do it at all. That is the Plaza New  
12 York, Plaza junior loans.

13 Q So that it would not be accurate then in  
14 any meaningful way to suggest that any one default in  
15 any of these loans could not trigger a collapse of the  
16 whole thing?

17 A Oh, I think it's accurate to say that  
18 there is a procedure in place which would assure that  
19 a single default would not result in a cross default.

20 Q Let's take the junior lien on the Plaza.

21 A A default in that, I believe that that  
22 default as it relates to the Override Agreement would  
23 be waived by one-third of the banks.

24 Q Why would it be waived by one-third of the  
25 banks?

Bollenbach - By Chairman Perskie

1           A     If there were a default in that loan?

2           Q     Or any other.

3           A     I believe because, and a good example is  
4     on the Trump Shuttle where there have been defaults  
5     and they would be waived and the banks told us they  
6     have been waived because they don't see any necessity  
7     in working cross defaults in order to preserve that  
8     particular piece of collateral.

9           Q     What you are saying then is that would be  
10    an asset specific determination that they would make  
11    on a case-by-case basis and they would have--

12          A     That is true.

13          Q     --and they would have the power to do  
14    that?

15          A     They would have the power to do that, yes.

16          Q     Even those banks who would not be  
17    involved, I mean arguably, for example, who has that  
18    junior lien on the Plaza, is that Chase?

19          A     It's a syndicate of banks led by Chase.

20          Q     Chase for the moment. Chase gets a  
21    default on that loan, are you telling me that  
22    one-third of the rest of the banks not including Chase  
23    can waive that default and Chase stands up and screams  
24    and says I don't want it waived, but I'm outvoted is  
25    that what you are telling me?

Bollenbach - By Chairman Perskie

1           A     As it relates to the Override Agreement.

2           Q     Yes.

3           A     And cross defaults on the Override  
4 Agreement. Now, Chase could still work the  
5 default--excuse me--

6           Q     Against the collateral on the Plaza, that  
7 I understand?

8           A     That's right, that's right, but the other  
9 banks I believe would waive the defaults as it relates  
10 to the Override Agreement rather than let that work a  
11 default under that agreement.

12          Q     And none of those--none of the remaining  
13 loans under that structure, the Credit and Override  
14 structure that is subject to that are loans that are  
15 directly secured by any of the casino assets?

16          A     Yes, they are today and they would be in  
17 the future under the--

18          Q     They are secured by a pledge against  
19 Donald Trump's equity?

20          A     Yes, sir, that is correct.

21          Q     But not against the casino assets  
22 themselves?

23          A     That is correct.

24          Q     And none of those loans is a  
25 loan--therefore, none of those loans could be--would



## Bollenbach - Recross by Auriemma

1 be defaulted by any default in any of the obligations  
2 of one of the three hotels? In other words, a default  
3 there would not trigger the defaults under the Credit  
4 and Override; is that correct?

5 A Default on the primary mortgages under  
6 the--

7 Q Any of the obligations of any of the three  
8 licensees would not necessarily trigger a default  
9 under the Credit and Override if those obligations  
10 were being met; is that correct?

11 A That is correct.

12 MR. FUSCO: Mr. Chairman--

13 CHAIRMAN PERSKIE: I understand it or  
14 I think I do.

15 MR. FUSCO: That was our goal, Mr.  
16 Chairman.

17 CHAIRMAN PERSKIE: Do you have any  
18 other questions you want to ask him?

19 MR. FUSCO: I have nothing further.

20 CHAIRMAN PERSKIE: Mr. Auriemma.

21 RECROSS-EXAMINATION

22 BY MR. AURIEMMA:

23 MR. AURIEMMA: Mr. Chairman, you were  
24 using the Plaza junior loan as an example, that's a  
25 Citibank loan, not a Chase loan.

Bollenbach - Recross by Auriemma

1 CHAIRMAN PERSKIE: All right, thank  
2 you.

3 MR. AURIEMMA: To make it crystal  
4 clear.

5 BY MR. AURIEMMA:

6 Q Mr. Bollenbach, you were referring to the  
7 one-third waiver, you are referring to the procedure  
8 Mr. Cherubino described in detail last August when  
9 there was a balloting procedure to be effectuated  
10 among the override banks; is that correct?

11 A That's right.

12 Q And that balloting procedure is not a one  
13 bank one vote procedure?

14 A That's right.

15 Q It's based upon the aggregate amount of  
16 loans outstanding to Mr. Trump?

17 A That's right.

18 Q So those banks with larger amounts of  
19 loans like Citibank or Chase would have in a  
20 simplistic way more of a say than a bank with a lower  
21 amount of loans to Mr. Trump?

22 A That's correct.

23 Q Would--if there were a default in the  
24 Override Agreement, let me see if I understand it,  
25 would that in anyway trigger a default in either the

Bollenbach - By Commissioner Dodd

1 First Fidelity or MidLantic loans?

2 A Do you mean--

3 CHAIRMAN PERSKIE: Sorry, First  
4 Fidelity is where?

5 BY MR. AURIEMMA:

6 Q First Fidelity is the loan on the Taj and  
7 MidLantic is the loan on the Castle.

8 A No, it would not.

9 MR. AURIEMMA: That's it. Thank you.

10 CHAIRMAN PERSKIE: Anybody on the  
11 Commission have any questions for Mr. Bollenbach?

12 COMMISSIONER DODD: Just--

13 CHAIRMAN PERSKIE: Commissioner  
14 Dodd.

15 COMMISSIONER DODD: Just a  
16 follow-up.

17 EXAMINATION

18 BY COMMISSIONER DODD:

19 Q It would be safe to say that the banks and  
20 the voting on the one-third concept is not  
21 magnanimous, but based purely on their particular  
22 interest and the larger interest they have  
23 individually?

24 A Yes, that is correct.

25 Q In the way that they are going to vote so

Bollenbach - Recross by Auriemma

1 it's their interest not to cause a default and so on?

2 A That is correct.

3 CHAIRMAN PERSKIE: All right, thank  
4 you--

5 MR. AURIEMMA: Can I ask one more  
6 question?

7 RE CROSS-EXAMINATION

8 BY MR. AURIEMMA:

9 Q Let me try a converse of a question I just  
10 asked. If there was a default on the First Fidelity  
11 loan on the Taj or the MidLantic loan at the Castle,  
12 would that trigger a default under the Override  
13 Agreement?

14 A Yes, that would.

15 Q And would that then trigger a balloting  
16 procedure on the Override agreement?

17 A Yes, it would.

18 Q And that could be waived if one-third of  
19 the banks agreed to waive?

20 A Yes.

21 CHAIRMAN PERSKIE: I was all right  
22 until that question, Mr. Auriemma. Now I have to go  
23 back.

24 EXAMINATION

25 BY CHAIRMAN PERSKIE:

Bollenbach - By Chairman Perskie

1           Q    I thought you told me the opposite, a  
2 problem on or a default in one of the obligations of  
3 the hotels, how does that trigger a default under the  
4 Credit and Override Agreement?

5           A    A default in one of those obligations is a  
6 default under the Override Agreement.

7           Q    Any one of them?

8           A    Yes.

9           Q    Didn't you just tell me a couple minutes  
10 ago it would not be?

11          A    I don't think so. I don't think I told  
12 you that.

13          Q    So that, for example, a default at the  
14 Taj--

15          A    The Taj first mortgage you mean?

16          Q    Let me try it again. What kind of a  
17 default at any one of the hotels will trigger a  
18 default under the Credit and Override?

19          A    A default on the primary mortgages would  
20 trigger a default under the Override Agreement.

21          Q    And that's all?

22          A    And under the Credit Agreement also, the  
23 new money facility also.

24          Q    But those are the only kinds of defaults  
25 that would constitute a default under the Credit and

Bollenbach - By Chairman Perskie

1 Override as it would be preserved?

2 A That's right.

3 Q So that, therefore, if I understand it  
4 right, if a bond payment at the Taj isn't made, it  
5 takes down the Castle and the Plaza as well?

6 A No. If a bond payment was not made at the  
7 Taj, it conceptually could trigger a default under the  
8 Credit and Override Agreement which if not waived  
9 would trigger acceleration of that agreement but it  
10 wouldn't have anything to do with what happened as to  
11 the bond payments of the Castle or the bond payment at  
12 the Plaza because there is no cross between those  
13 bonds and a default under the Credit and Override  
14 Agreement is not a default under the Castle bonds, for  
15 example.

16 Q Or the Plaza?

17 A Or the Plaza.

18 Q And there are no specific loans under the  
19 Credit and Override Agreement that go to any one of  
20 the three properties?

21 A Yes.

22 Q Or that are secured by any one of the  
23 three properties?

24 A That is correct.

25 Q That has Trump equity in them?

Bollenbach - By Chairman Perskie

1           A     That is correct.

2                   CHAIRMAN PERSKIE:   Okay.   Anybody  
3   have anything further?

4                   MR. FUSCO:   Excuse me, Mr. Chairman.  
5   I have to go through something with Mr. Greenberg.

6                   CHAIRMAN PERSKIE:   I knew he would  
7   have something to say sooner or later.

8                   MR. GREENBERG:   Mr. Chairman, if I  
9   might.

10                  CHAIRMAN PERSKIE:   Hi.

11                  MR. GREENBERG:   The spirit has moved  
12   me.   I accept your offer.

13                  CHAIRMAN PERSKIE:   I figured at some  
14   point along the way it more likely would.

15                  MR. GREENBERG:   Only briefly I rise  
16   if I might to offer into evidence PT, premarked PT-1  
17   and 2, P for participant, T for Taj 1 and 2, and I  
18   believe I can ask, request that we are agreed at this  
19   table, can I make this a joint exhibit, Mr. Auriemma?

20                  MR. AURIEMMA:   I have no objection to  
21   it being admitted.

22                  MR. GREENBERG:   Thank you.

23                  CHAIRMAN PERSKIE:   Wait just one  
24   second, Mr. Greenberg.

25                  MR. GREENBERG:   I will wait until you

Bollenbach - By Chairman Perskie

1 read it.

2 CHAIRMAN PERSKIE: In reverse  
3 chronological order I note.

4 MR. AURIEMMA: That's right.

5 CHAIRMAN PERSKIE: The first letter  
6 in time is PT-2 which is a letter from Willkie, Farr  
7 over Mr. Glenn's signature to Mr. Miller, counsel,  
8 that's your associate counsel.

9 MR. GREENBERG: That's right.

10 CHAIRMAN PERSKIE: And that says  
11 certain bondholders have submitted ballots. This is  
12 to confirm that the debtors will not use any ballots  
13 they receive in connection with the plan of  
14 reorganization without your consent. All right, tell  
15 me what that means.

16 MR. GREENBERG: Yes, I will.

17 CHAIRMAN PERSKIE: Who sent it, who  
18 did it go to and what does it say?

19 MR. GREENBERG: And what does it  
20 mean.

21 CHAIRMAN PERSKIE: Well, we will get  
22 to that.

23 MR. GREENBERG: Both these documents  
24 are aimed at accomplishing the same objective. One is  
25 they are both from Willkie, Farr on behalf of the



1 debtor which is The Trump Organization and one is to  
2 Mr. Ichan as it's clear from his letter PT-1.

3 PT-2 is to our cocounsel, the  
4 attorney for the Bondholders Committee. Now, the  
5 reason for these letters, as I think you have heard  
6 yesterday from--in testimony yesterday from Wilbur  
7 Ross, normally when solicitations are sought in cases  
8 such as this, the bondholders wait until the last  
9 minute to vote. They normally do because they don't  
10 like surprises and they don't want to be surprised by  
11 things that they don't know might happen and no one  
12 can predict what will happen between the time of a  
13 vote and the time that the solicitation closes or in  
14 this case until the filing in bankruptcy occurs. So  
15 normally they don't vote. But in an effort to  
16 accommodate this proceeding and this Commission the  
17 solicitors, people in charge of the solicitation, as  
18 well as the Bondholders Committee itself of The Trump  
19 Organization, attempted to get people to vote early so  
20 that you would have and could reach a number with  
21 which you were comfortable.

22 The right incidentally to revoke  
23 one's vote in this instance is contained in the  
24 solicitation documents, the prospectus, and it says  
25 that a bondholder has the right to revoke the earlier

1 in the following two events, one July 15, 1991 and,  
2 two, the filing of a reorganization plan in  
3 bankruptcy.

4 Now, the bondholders did what, and  
5 they are doing what we have asked them to do, but in  
6 order to protect themselves and to protect their right  
7 to revoke against surprises which may occur between  
8 now and whenever, they have requested and have  
9 received from The Trump Organization these documents,  
10 1 and 2. They are basically identical except for the  
11 fact one talks to Mr. Ichan, the other talks to the  
12 bondholders that we represent.

13 CHAIRMAN PERSKIE: 1 also purports by  
14 its terms to supersede 2.

15 MR. GREENBERG: No, supersedes  
16 another document which I have here which I haven't  
17 given you yet because I didn't want to confuse the  
18 subject.

19 CHAIRMAN PERSKIE: So that the  
20 reference in PT-1--

21 MR. GREENBERG: It was grammatically  
22 incorrect.

23 CHAIRMAN PERSKIE: The reference in  
24 the last line of PT-1 this letter supersedes our  
25 letter dated June 17 does not refer to PT-2?

1                   MR. GREENBERG: Correct, refers to,  
2 if you will, PT-3 which I didn't want to burden the  
3 record with because it doesn't exist anymore.

4                   CHAIRMAN PERSKIE: Fine.

5                   MR. GREENBERG: It is not one of the  
6 two documents you hold in your hand.

7                   So what we sought to obtain was an  
8 agreement that the debtor could not use our ballots  
9 without our consent in the event something happens  
10 between now and then. In effect, all it does is  
11 preserve the rights that we would have had, that we do  
12 have under the solicitation document against something  
13 like, for example, an early filing in bankruptcy  
14 tomorrow, following something that happened tonight at  
15 11:00 that I can't tell you about yet. The world as  
16 we know it came to end in some form, but 66 and  
17 two-thirds percent of the vote are in and you will  
18 never know whether you got 50 percent of the holders  
19 of the equity, we didn't count everything, but the  
20 bottom line is all this does is give us the right we  
21 had in the solicitation and, frankly, what this whole  
22 concept deals with is the protection of rights granted  
23 under the SEC to these bondholders which they have  
24 agreed to in effect push to one side, if you will, in  
25 an effort to accommodate this Commission by doing

1 something that they very rarely do which is to vote  
2 early. That's the purpose of the documents.

3 CHAIRMAN PERSKIE: Mr. Fusco, the  
4 representation is made I understand that Mr. Glenn in  
5 sending these letters was authorized to do so on  
6 behalf of the debtor?

7 MR. FUSCO: Yes, Mr. Chairman.

8 CHAIRMAN PERSKIE: The proposed  
9 debtor.

10 MR. FUSCO: Yes. Mr. Glenn is  
11 authorized to issue that letter.

12 CHAIRMAN PERSKIE: Mr. Auriemma, do  
13 you have any objection to receiving these documents in  
14 evidence?

15 MR. AURIEMMA: No, I do not.

16 CHAIRMAN PERSKIE: Mr. Fusco.

17 MR. FUSCO: I have no objection. We  
18 join. We would like it to be a joint exhibit, however  
19 you mark it.

20 CHAIRMAN PERSKIE: It's been marked  
21 PT-1 and 2 on the joint applications of Mr. Fusco and  
22 Mr. Greenberg. It will be received and marked into  
23 evidence.

24 (PT-1 through PT-2 were marked into  
25 evidence)

1                   MR. GREENBERG: Thank you very much.  
2                   That's all I have, Mr. Chairman.

3                   CHAIRMAN PERSKIE: Okay.

4                   MR. FUSCO: Mr. Chairman, we would  
5                   also seek to have Mr. Molloy again address the  
6                   Commission.

7                   CHAIRMAN PERSKIE: With bated breath  
8                   we are waiting.

9                   MR. MOLLOY: I don't know if this is  
10                  the fat lady or not, but I am here.

11                  CHAIRMAN PERSKIE: The fat lady  
12                  sooner or later is up here.

13                  MR. MOLLOY: I am a poor substitute  
14                  for that.

15                  CHAIRMAN PERSKIE: Nothing personal  
16                  to either of you.

17                  COMMISSIONER DODD: I wasn't going to  
18                  say anything.

19                  CHAIRMAN PERSKIE: You should say  
20                  nothing.

21                  VICE CHAIR ARMSTRONG: True.

22                  MR. MOLLOY: I don't join in that  
23                  comment.

24                  Brian Molloy, Wilentz, Goldman &  
25                  Spitzer on behalf of the Ichan entities.

1                   Mr. Chairman, over the last couple  
2 days there has been a lot of effort and I want to  
3 publicly say that I appreciate the cooperation I have  
4 had from Mr. Fusco, Mr. Ribis and The Trump  
5 Organization.

6                   I am pleased to announce that the  
7 Ichan votes are being cast or at this time have been  
8 cast for the prepackaged plan. I have a copy of a fax  
9 transmission of the ballot. It is mechanically  
10 received by the trustee or being received by the  
11 trustee. By the end of the day it will be an  
12 accomplished fact. We did agree to do it early at the  
13 Commission's request and sometimes those things take  
14 effort and I think people cooperated to do that.

15                  CHAIRMAN PERSKIE: Well, I appreciate  
16 that and I want to receive, subject to anybody's  
17 input, the document, but I want to make it very clear  
18 the Commission didn't request anybody to do anything.  
19 The Commission simply indicated on any number of  
20 occasions that there were going to be certain  
21 requirements that would have to be met before the  
22 Commission acted, among which was a 67 percent  
23 approval in writing or confirmation of that in writing  
24 at some point. But I don't want Mr. Ichan or anybody  
25 else to think that we asked him or anybody else to

1 take any action.

2 MR. MOLLOY: Well, Mr. Ichan and the  
3 other bondholders acted in a fashion that would permit  
4 this Commission to act in a way that they would see  
5 fit. We didn't want any barrier.

6 CHAIRMAN PERSKIE: With that  
7 statement I am somewhat more comfortable.

8 MR. MOLLOY: That's really what I  
9 meant to say and if I stated it differently I correct  
10 it.

11 CHAIRMAN PERSKIE: All right. The  
12 document.

13 MR. MOLLOY: I have a fax which I  
14 would ask that I have a copy of, which are actually  
15 three separate executed ballots on behalf of the three  
16 entities.

17 CHAIRMAN PERSKIE: Three corporate  
18 entities.

19 MR. MOLLOY: Chelonian, Tortoise and  
20 Unicorn and if I could just arrange through your staff  
21 to have copies made before I leave they can be marked  
22 anyway that you would like.

23 CHAIRMAN PERSKIE: I should think  
24 they--I don't know. I don't care. John, how should  
25 they be marked.

1 MR. ZIMMERMAN: I still haven't  
2 figured out what PT is for.

3 COMMISSIONER DODD: I.

4 CHAIRMAN PERSKIE: I-1, 2 and 3.

5 MR. MOLLOY: I will give them over to  
6 your clerk.

7 MR. FUSCO: It doesn't matter, Mr.  
8 Chairman. We can mark them with an A.

9 CHAIRMAN PERSKIE: Whatever.

10 MR. MOLLOY: Thank you, Mr. Chairman.  
11 (I-1 through I-3 were marked into  
12 evidence)

13 CHAIRMAN PERSKIE: Thank you, Mr.  
14 Molloy.

15 Can I take a look at those please.

16 For the record I am exhibited faxes  
17 of three two page ballots, one evidencing the  
18 signature of Unicorn Associates Corporation by its  
19 president under today's date with respect to 21  
20 million dollars of self-defiant old bonds voting to  
21 accept, a second by Tortoise Corporation again  
22 executed by its president under today's date voting to  
23 accept on behalf of \$65,929 and Chelonian Corporation  
24 also executed today voting to accept on behalf of 70  
25 million dollars which is a total of 157 million



1 dollars which is about what, 22 percent, something  
2 like that, 23.

3 MR. RIBIS: 22.2--23.2.

4 CHAIRMAN PERSKIE: And then we had 42  
5 yesterday.

6 MR. FUSCO: 42.78.

7 CHAIRMAN PERSKIE: 64 and a fraction,  
8 so we are about two percent off.

9 MR. GREENBERG: 23.22, 42.78, the  
10 other million is in there, 66.

11 CHAIRMAN PERSKIE: We should have had  
12 presumably some updated information from the agent,  
13 shouldn't we?

14 MR. FUSCO: Yes, but we don't have  
15 it.

16 MR. GREENBERG: A million today as an  
17 earlier hour.

18 MR. FUSCO: As an earlier hour there  
19 was an another million dollars, Mr. Chairman. The  
20 folks who were counting for us were not in this  
21 morning so my sense--

22 CHAIRMAN PERSKIE: They took the day  
23 off?

24 MR. FUSCO: I don't think they took  
25 the day off, but I cannot say I have the current

1 amount.

2 CHAIRMAN PERSKIE: Get the  
3 documentation in, Mr. Fusco, hopefully by the close of  
4 business today with respect to whatever the number  
5 will be needed to take us past 450 million dollars.  
6 We had 288 and something yesterday, we have 157 today,  
7 so you need about 15, 16 million dollars, right?

8 MR. FUSCO: Approximately, Mr.  
9 Chairman.

10 CHAIRMAN PERSKIE: We are rounding  
11 here.

12 MR. FUSCO: I am sure if I was in  
13 Minneapolis I would count the numbers up and you would  
14 have them, Mr. Chairman. I just don't. We will have  
15 it.

16 CHAIRMAN PERSKIE: Have some sort of  
17 documentation in an appropriate fashion submitted. It  
18 can be in the same form as we have in A-59, A-59A and  
19 B.

20 MR. FUSCO: Yes.

21 CHAIRMAN PERSKIE: It would seem to  
22 me just updated as of today.

23 MR. FUSCO: We will do it.

24 At this point, Mr. Chairman, the  
25 licensees rest.

## Closings by Mr. Auriemma

1                   MR. AURIEMMA: We have no witnesses  
2 and we rest.

3                   CHAIRMAN PERSKIE: Anybody on the  
4 Commission have any questions of anybody?

5                   Do you desire to proceed with closing  
6 arguments?

7                   MR. AURIEMMA: I can proceed if  
8 that's the Commission's desire.

9                   CHAIRMAN PERSKIE: I think so.

10                  MR. AURIEMMA: Members of the  
11 Commission, I am going to commence my final remarks  
12 today by referring to something Commissioner Armstrong  
13 stated I believe on May 8 when she voted in favor of  
14 the Castle and Plaza license renewals. I believe she  
15 stated, and this may be a paraphrase, that June 17 was  
16 a real date. Ordinarily I would not be so  
17 presumptuous to try to interpret what a Commissioner  
18 would have meant by such a statement, but I am going  
19 to take a little liberty and attempt to impart to you  
20 what I think it means and impart to you the Division's  
21 feelings with respect to these proceedings and the  
22 proceedings that we have had for the past year with  
23 respect to The Trump Organization.

24                  As we all know, we have been  
25 reviewing Trump financial affairs and matters since

## Closings by Mr. Auriemma

1 June of 1990 and we focused on a large number of  
2 documents, we have poured over documents, we have  
3 heard various witnesses last August, December and  
4 earlier this year. We have tried to understand the  
5 intricacies of The Trump Organization and the problems  
6 that they have encountered and also we have tried to  
7 understand the implications of various agreements that  
8 have been reached at various times.

9 As is human nature, we all want  
10 closure to particular matters. We want some things to  
11 finally come to an end so that they are over and they  
12 are done with and we can all move onto other issues.  
13 In the Division's view we are closer to that end with  
14 respect to the Trump financial difficulties that we  
15 are to the beginning of the process, but we are  
16 nowhere--we are by no means close to finishing it  
17 yet.

18 We still have a long road I believe  
19 ahead of us and even though today and yesterday were  
20 the days when these licensees and Mr. Trump had to  
21 establish the financial stability of those four  
22 entities, four components, if you will, I think we are  
23 at a stage where we can say a lot has been  
24 accomplished, but we are still not there yet. That  
25 may not be a totally satisfactory answer because it

## Closings by Mr. Auriemma

1 doesn't bring to a final conclusion what we all want  
2 brought to a final conclusion.

3 The Division's view on each of these  
4 four entities is as follows:

5 With respect to the Taj we hoped that  
6 a prepackaged bankruptcy would have been filed by June  
7 17. It's been a long time since we started the  
8 proceedings on December 3, public proceedings on  
9 December 3, but it's obvious we are not in that stage  
10 at this point. We could attempt perhaps to lay blame,  
11 and I'm not sure where it lies, but in any event it  
12 took a long time to get the registration statement,  
13 disclosure statement approved by the Securities and  
14 Exchange Commission so that the bondholders  
15 solicitation could commence. In any event, we are now  
16 into that formal solicitation process and I think we  
17 can be reasonably confident that it will end by mid  
18 July and I think from the testimony and the exhibits  
19 and the representations that we have heard in this  
20 particular proceeding I think we can be reasonably  
21 assured, subject to some final numbers coming in from  
22 Mr. Fusco, I think we can be reasonably assured that  
23 the bondholders of the Taj Mahal will approve it and  
24 that a prepackaged bankruptcy will be filed sometime  
25 in mid toward the latter--mid or latter part of July.

## Closings by Mr. Auriemma

1 Again, I think we recognize or should have recognized  
2 in December that even with the filing of a prepackaged  
3 bankruptcy whenever that was going to occur was not  
4 the end of the process and the process will continue  
5 beyond that date and it will continue until  
6 confirmation which by a rough estimate will probably  
7 be later this fall, and it's a process that is going  
8 to require further rulings of this Commission and  
9 further approvals of this Commission. Just as an  
10 example, we still have to approve certain rulings that  
11 we deferred from January 29, and there is also further  
12 investigations that are necessary with respect to new  
13 directors of the new corporate holding company that's  
14 coming into existence. We at the Division understand  
15 that and we are going to continue to do what is  
16 necessary to see this plan through to conclusion. I  
17 think what we said in January was--what the Division  
18 said in January still holds true today. We think this  
19 plan will work if confirmed and we think that it is  
20 the best road possible at this point in time and we  
21 should continue down that road although it's been  
22 certainly a lot slower than we expected.

23 Turning to the Plaza, that facility  
24 made its sinking fund and interest payments in a  
25 timely fashion. On behalf of the Division I have

## Closings by Mr. Auriemma

1 harped a number of times about the cash position of  
2 that facility once the interest payment and sinking  
3 fund payments were made. We know now that there is a  
4 little over two million dollars of cash. We know that  
5 there is an interim credit line in place and hopes for  
6 a larger credit line. We know, of course, that there  
7 are also house funds. I think we further know that  
8 there is some payments coming due, slot machine fees  
9 to the Commission on July 1 and real estate taxes on  
10 August 1 which have to be paid. I think we are in a  
11 position to say that given the cash position and given  
12 the credit line that the Plaza has put itself in a  
13 position where it can operate adequately on a going  
14 forward basis. We are still somewhat concerned about  
15 jackpot liability because we do feel that there is  
16 always this need to protect the public interest and to  
17 ensure that any patron who wins a progressive jackpot  
18 that there is sufficient funds available to make those  
19 payments. In that regard we would request the  
20 Commission to impose a condition which would require a  
21 certain amount of funds, whether it be cash and/or a  
22 credit line fund, to be expressly set aside for the  
23 payment not necessarily of all jackpot liabilities,  
24 but a sufficient number of jackpot liabilities.

25 Turning next to the Castle, the

## Closings by Mr. Auriemma

1 Castle has had a difficult year. Last year at this  
2 time the Castle was in the midst of a default that  
3 would not be cured until June 26 with the infusion of  
4 20 million dollars of funds from the credit banks.  
5 The December interest payment to bondholders was only  
6 narrowly made after an infusion of a small amount of  
7 funds from an outside source. Yet on April 29 we were  
8 told that a bond exchange would occur and that cash  
9 flow would be sufficient so that the Castle would make  
10 its sinking fund and interest payments on a timely  
11 basis. Instead, negotiations with the Steering  
12 Committee ensued and, as you know, resulted in  
13 agreement which has been marked A-55-A in evidence.  
14 We now presumably will embark upon an eight or 10  
15 month or whatever process, if permitted by the  
16 Commission, to see this plan come to fruition and I  
17 believe that that would entail something akin to what  
18 we have seen in the Taj, filings with the SEC, waiting  
19 for the approval, bondholder solicitation and  
20 ultimately a prepackaged bankruptcy filing. Sooner or  
21 later there will probably be a number of legal rulings  
22 and investigations that will be necessary in order to  
23 bring that plan to a final conclusion.

24 If there is one criticism that could  
25 be leveled perhaps, it is the following: I guess we



## Closings by Mr. Auriemma

1 could all question why did everyone wait so long to  
2 attempt to resolve the Castle situation when one could  
3 have perhaps examined the situation earlier on and  
4 determined that the Castle's problems could only have  
5 been solved by a larger agreement with its  
6 bondholders. But in short run it's clear to us that  
7 Castle has sufficient funds to operate effectively.  
8 We know their cash position. There are no credit  
9 lines, but we believe that it can operate without any  
10 untoward consequences. However, as with the Plaza we  
11 would also request that there be some dedication of  
12 funds with respect to jackpot liability.

13                   Lastly, with respect to Mr. Trump  
14 personally, a lot of progress has been made. I use  
15 that phrase a lot. The term sheet agreements  
16 obviously are not easy to obtain. They, of course,  
17 are not the end either. A lot of drafting has to be  
18 done to implement these term sheet agreements and I  
19 assume if permitted to continue down this course we  
20 will review those documents in the near future and it  
21 seems to me that a timetable should be established by  
22 the Commission for submission of those documents to  
23 the Commission and to the Division.

24                   Mr. Bollenbach expressed a number of  
25 goals that had to be achieved or that he attempted to

## Closings by Mr. Auriemma

1 achieve with respect to Mr. Trump. One goal was to  
2 relieve Mr. Trump of personal guarantees if at all  
3 possible. Well, we can see that there has been a  
4 substantial reduction in personal guarantees, but  
5 clearly there are also a large number of guarantees  
6 that remain. However, many of those are subject to a  
7 five year call, if you will, and that is undoubtedly a  
8 plus for the organization. It seems that there were  
9 definitely deficiencies in the Credit and Override  
10 Agreement that were entered into last summer. I have  
11 spoken to that previously--on previous occasions.  
12 Clearly the Credit and Override agreements as drafted  
13 did not work and they--that's why we are in the  
14 position we are today with amendments to those  
15 agreements. One might suggest that given the haste of  
16 last summer that the Credit and Override Agreements  
17 were not fully thought out or did not have time to  
18 analyze all of the nuances of it. Our hope is that  
19 whatever is resulting from A-54 will not result in us  
20 being here later this year or early next year with new  
21 term sheets and new agreements.

22 The cash position of The Trump  
23 Organization, of course, is always of a concern. We  
24 have monitored it and I know that the Commission staff  
25 and Commissioners have monitored it. We now know that

## Closings by Mr. Auriemma

1 there will no longer be a credit line available from  
2 the new money facility to Mr. Trump or The Trump  
3 Organization, that future funds will be dependent upon  
4 asset sales or assets that can be mortgaged. This is  
5 not always the most desirable situation, but it is  
6 something which in this limited circumstance where  
7 wholesale assets are not contemplated to be sold we  
8 believe that it can work and we believe that there can  
9 be a sufficient amount of funds available to The Trump  
10 Organization during the remaining time left on the Taj  
11 license, which is until next April, and during the  
12 remaining time left on the Plaza and Castle license  
13 which is until May of 1993.

14 With that I have nothing further, but  
15 if the Commissioners have any questions of me or wish  
16 me to address any particular points I would be glad to  
17 do so.

18 CHAIRMAN PERSKIE: I want to clarify  
19 the last point. Did I understand you to say that in  
20 the overall context in which you have been describing  
21 it that the Division's conclusion is that as to The  
22 Trump Organization the complex of agreements assuming  
23 that A-54 is turned into all that it represents it  
24 will be, does vest the organization in the Division's  
25 view with the requisite financial stability?

## Closings by Mr. Fusco

1 MR. AURIEMMA: Yes.

2 CHAIRMAN PERSKIE: Anybody else have  
3 any questions or comments?

4 Mr. Fusco.

5 MR. FUSCO: Mr. Chairman and members  
6 of the Commission, these proceedings concern financial  
7 stability and we are concerned with financial  
8 stability because that's one of the criteria set forth  
9 in the Casino Control Act. It's a criteria in the  
10 statute for two primary reasons. Financial stability  
11 in a casino licensee is important because the goal of  
12 the statute and the mandate of the Commission is to  
13 avoid untoward influences on casino licenses. There  
14 is another reason and that is so that the casinos can  
15 operate and properly service the public. Operating  
16 casino entities host and service vast numbers of  
17 patrons, conduct gaming under the most detailed  
18 internal controls, generate huge gaming revenues,  
19 employ in the instance before you today from three to  
20 5,000 employees, transact business with thousands of  
21 vendors and are responsible for payments of millions  
22 of dollars in taxes and fees annually. That's the  
23 public interest in financial stability.

24 There is not a suggestion, there has  
25 not been testimony, there is not a report to suggest

## Closings by Mr. Fusco

1 that integrity of these licensees or of Mr. Trump is  
2 at issue in these proceedings. As a matter of fact,  
3 prior findings have made it clear that it is not an  
4 issue in these proceedings. We are talking about the  
5 ability to avoid untoward influences and to meet the  
6 obligations in operating a casino that the statute  
7 envisions that the casino licensees will meet.

8 We take the Taj Mahal first. As it  
9 stands it has in excess of or an approximately 45  
10 million dollars of cash, operating cash right now.  
11 There is no question that the Taj Mahal presently  
12 constituted will be able to service the public  
13 throughout the license period which runs through to  
14 April 1992. The reorganization plan that you have  
15 heard about and you have heard about it since November  
16 has been testified to today. It is precisely  
17 defined. It is reduced to a document which has been  
18 filed with the Securities and Exchange Commission. It  
19 has been declared effective. The solicitation is in  
20 process. We presently have, and the reality, the true  
21 reality is an 82 percent approval. The testimony of  
22 Mr. Ross indicates that his contact, which is regular,  
23 his ability to keep in touch with the bondholders,  
24 that is the way this man has made his living, this is  
25 what he does, he is in constant contact, he has

## Closings by Mr. Fusco

1 reduced it to an exhibit, 82 percent. The ballots  
2 have been testified to. The magic number is, we  
3 submit, virtually achieved in a formal sense, but I  
4 submit that that is the accounting and recording sense  
5 of reaching the trustee. We submit that we have  
6 clearly and convincingly established that there is  
7 approval of this plan and that the Taj Mahal is stable  
8 throughout the license period as required by the  
9 statute.

10 Trump Plaza and Trump Castle, Trump  
11 Plaza's cash position presently is approximately 12  
12 million dollars, a number in that approximate area.  
13 The bondholders have been paid which was the mandate  
14 that we had from the Commission to be in that position  
15 when we appeared before you during these proceedings,  
16 we have accomplished that. I will not reiterate other  
17 than to just simply mention management changes have  
18 been put in place, management is in firm charge at the  
19 Plaza. It's easy to look at newspaper articles. We  
20 are not driving the top line, we are driving the  
21 bottom line and Trump Plaza has performed well and  
22 will continue to perform well throughout the license  
23 period.

24 Trump Castle, present cash position  
25 approximately 12 million dollars, more than adequate

## Closings by Mr. Fusco

1 by any standard to operate properly a casino in  
2 Atlantic City and operate that particular casino.

3 We are at the point where we have a  
4 term sheet, A-55-A. The question is are the  
5 bondholders going to approve A-55-A when it's reduced  
6 to the same type of documentation that has been  
7 presented to you in the Taj Mahal reorganization? I  
8 can only say that you have experience now as does The  
9 Trump Organization in the process. The promises and  
10 representations that were made to you have come true  
11 in Taj Mahal. Time is a difficult thing and it is not  
12 wholly in the control of the licensee. It's not even  
13 wholly in the control with the folks with whom you  
14 negotiate the bondholders and others. It is affected  
15 by many agencies, the Securities and Exchange  
16 Commission being one of them. There are many reasons  
17 why time becomes difficult to manage, but there has  
18 been I think little question in the mind of the  
19 Commissioners and I submit there is no evidence to  
20 suggest otherwise. The evidence is contrary. There  
21 has been nothing but good faith, hard work to try and  
22 move each of these projects forward as have occurred.

23 The Taj Mahal, the Plaza and the  
24 Castle we submit have been established by evidence as  
25 financially stable through the license period.

## Closings by Mr. Fusco

1                   The statute requires that you look  
2 beyond that, you look beyond these operating entities  
3 and you look at Mr. Trump because he is the  
4 qualifier. But as a qualifier the standards that  
5 apply to him are different than the standards which  
6 apply to a casino licensee. It's the same word  
7 financial stability. The standard is different  
8 because a qualifier responsibility is different  
9 because a qualifier does not operate a casino and does  
10 not have those obligations to the public to maintain  
11 and service thousands and thousands of people,  
12 employees, vendors, fees, taxes. That is not the  
13 qualifier's responsibility. The reason we look at the  
14 financial stability of a qualifier is to assure  
15 oneself that the qualifier is not subject to untoward  
16 influences. That's the reason. I submit respectfully  
17 it's clear in the statute that that's the reason. Mr.  
18 Trump himself does not operate these three casinos and  
19 is not responsible for their day-to-day financial  
20 operation in the regard that a casino licensee is.

21                   We have presented through witnesses  
22 exhibit A-54, the term sheet, and the term sheet  
23 simply stated evidences that agreement has been  
24 reached with the eight banks or the primary lender  
25 banks who essentially were before this Commission back



## Closings by Mr. Fusco

1 in August of 1990. We have worked a functioning  
2 workable transaction which is the solution. The  
3 deferral and the moratorium for five years continues  
4 to protect Mr. Trump and the assets from various  
5 remedies. Those are in place. The personal liability  
6 of Mr. Trump has been enormously reduced by this  
7 transaction. Mr. Trump continues to have vast  
8 wealth. His equity in the three casinos, his  
9 ownership of the Plaza Hotel, his ownership at Trump  
10 Tower, his ownership of the Penn Yards waterfront  
11 development project in New York on the Hudson River  
12 all put Mr. Trump in the position of having enormous  
13 wealth. Certainly far more enormous than many, many,  
14 many folks who have met the standard of financial  
15 stability as a qualifier of a casino licensee through  
16 the years that this Commission has been licensing and  
17 qualifying individuals in that position. His cash  
18 position is certainly worthy of your focus. But as  
19 Mr. Bollenbach testified, the cash position on the  
20 balance sheet that relates to operating The Trump  
21 Organization is only one place where Mr. Trump has the  
22 right to access cash. The Plaza in New York is an  
23 operating entity and subject to approval of the  
24 Commission. The three casino licensees are operating  
25 entities which he owns. So that his wealth gives him

## Closings by Mr. Greenberg

1 we submit financial stability during the two year  
2 period that is applicable to the Castle and the Plaza  
3 casino licenses.

4 On that basis we submit that we have  
5 presented evidence. The evidence essentially--the  
6 essence of the evidence we submit that was expected of  
7 us and that evidence demonstrates that Mr. Trump and  
8 the three casino licensees have the financial  
9 stability that is contemplated by the statute and  
10 required by the public policy of the state.

11 Mr. Chairman, that's all I have.

12 CHAIRMAN PERSKIE: Thank you.

13 Anybody have any questions of Mr.  
14 Fusco?

15 All right, Mr. Greenberg.

16 MR. GREENBERG: May I?

17 CHAIRMAN PERSKIE: You may.

18 MR. GREENBERG: Thank you, Mr.  
19 Chairman and members of the Commission.

20 I think it was in August, August 18,  
21 1990 when the Vice Chair determined to reopen the  
22 events and facts, before the Vice Chair required the  
23 reopening of the financial stability issue hearings,  
24 if you will, and here we are 10 months later seeking a  
25 determination. A determination is being sought by the

## Closings by Mr. Greenberg

1 applicant, debtor, if you will, by you on that issue  
2 and nothing has changed with regard to those 10 months  
3 with regard insofar as the definition of financial  
4 stability is concerned. So I deal with it. I deal  
5 with the issue perhaps in a slightly different way,  
6 although I think, I know I agree with most of what Mr.  
7 Fusco has just said with regard to his concept of the  
8 meaning. It is obvious that from what has transpired  
9 in the last couple of days that the bondholders, whom  
10 I represent, the members of the Steering Committee in  
11 the Taj Mahal matter, fully support the determination  
12 of financial stability in connection with its  
13 interests.

14                   Along the way this Commission has  
15 established certain dates for the occurrence of  
16 certain events, some of which did not occur on the  
17 dates established. Should that per se require a  
18 determination on that given day that financial  
19 stability if it existed the day before does not exist  
20 on that day? I suggest that it does not as this  
21 Commission has not found that failure to comply with  
22 the predetermined date is not of necessity per se,  
23 though I would find it stability or else we wouldn't  
24 be here. I think the reason for that is correct. I  
25 think the reason that that happened was because

## Closings by Mr. Greenberg

1 without articulating it I think we are all working  
2 under the assumption that financial stability means  
3 something like a condition which is acceptable to the  
4 creditors within your bondholders and your banks which  
5 this Commission finds is sufficient to protect the  
6 public interest in terms of paying the obligations and  
7 debts as they come due, operating--on an operating  
8 basis and most importantly of all that the precarious  
9 position in which a debtor finds himself under those  
10 circumstances does not give rise to a reasonable  
11 belief by this Commission that such a debtor would be  
12 tempted to act in a manner inconsistent with those  
13 high standards of integrity in which the statute  
14 envisions.

15 If you look at financial stability as  
16 being defined in that way then Donald Trump as an  
17 enterprise and Taj Mahal as a licensee meet the  
18 standard irrespective, if you will, of how many votes  
19 have been filed respectfully as of 3:30 this  
20 afternoon, although in that regard I might indicate to  
21 you that all you need is two-thirds of the votes  
22 submitted and if that's the test we passed that  
23 yesterday.

24 CHAIRMAN PERSKIE: Remember your  
25 comment a few minutes ago about how you always

## Closings by Mr. Greenberg

1 wanted--the voters always wanted to see the last thing  
2 that could happen? 67 percent of the universe is  
3 better than 67 percent of the ones that have voted  
4 yet.

5 MR. GREENBERG: Absolutely correct,  
6 even legislators want to vote last.

7 CHAIRMAN PERSKIE: I heard about  
8 that.

9 COMMISSIONER DODD: The twenty-first  
10 vote.

11 MR. GREENBERG: When we made  
12 application to participate, that application was  
13 granted for which we thank you and we assume that that  
14 was done because you believe that we have an interest  
15 in this matter and I suspect that that interest is one  
16 which goes to the first prong of the definition that I  
17 gave to you, my definition, and that is how does this  
18 debtor shape up according to his creditors, its  
19 creditors.

20 These creditors that I represent are  
21 fully satisfied with the condition of the debtor  
22 insofar as the negotiated agreement and plan presently  
23 being implemented. In fact, as you heard, without  
24 beating the horse to death, one negative vote was  
25 received, we have got over 82 percent if you count the

## Closings by Mr. Ehrenberg

1 intentions of interest as well as those signed, sealed  
2 and delivered. I submit to you that that is a very  
3 clear vote and voice insofar as the financial  
4 integrity of this debtor is concerned.

5 For the same reason that bankruptcy  
6 protects a licensee and results in a finding of  
7 financial stability, because creditors are in that  
8 instance prevented from doing the type of harm to an  
9 operator that this Commission would not want to see  
10 done, so to here even more so where there is a  
11 voluntary agreement entered into by its creditors,  
12 including the bondholders and the banks, I submit that  
13 the prong that's most critical for your consideration  
14 respectfully dealing with financial stability has been  
15 satisfied and we urge you to for that reason rule in  
16 favor of the applicant's request.

17 Thank you.

18 CHAIRMAN PERSKIE: Thank you.

19 Mr. Ehrenberg.

20 MR. EHRENBURG: Yes. Mr. Chairman  
21 and members of the Commission, my comments will be  
22 quite brief.

23 The Steering Committee of the  
24 bond--of the bondholders of the Trump Castle really  
25 had only two functions to perform in these

## Closings by Mr. Ehrenberg

1 proceedings. First we wanted to present certain  
2 information to you. We did that in my memorandum  
3 dated April 29. We did that yesterday in the  
4 testimony of Mr. Foss and Mr. Nut. I won't go through  
5 and repeat that testimony at this point.

6           The second thing we did is perform or  
7 serve as a negotiating group to meet with the Trump  
8 Castle management to discover and to see whether a fix  
9 could be developed for the Trump Castle that would  
10 work for all of those who are involved. You have seen  
11 the results of those negotiations. It's exhibit  
12 55-A. One could characterize exhibit 55-A as merely  
13 five pieces of paper. I look at them slightly  
14 differently. They represent weeks of negotiations.  
15 They represent proposals, counter proposals, counters  
16 to the counter proposals entered into by two sides  
17 negotiating in good faith, each struggling to see  
18 whether there was some fix that they both could agree  
19 upon that would take us forward. The result was, as I  
20 said, the term sheet.

21           I must agree with Mr. Auriemma. He  
22 indicated earlier, and I think appropriately, we have  
23 come a long way. There are still many steps to  
24 continuing the process. I want to take the  
25 opportunity to thank you as well. The Steering

## Closings by Mr. Ehrenberg

1 Committee is in support of the Trump position.

2 Thank you.

3 CHAIRMAN PERSKIE: Thank you,  
4 Ehrenberg.

5 Anything else?

6 All right, as I understand it,  
7 subject to the submission of the document hopefully  
8 this afternoon this presentation closes the record at  
9 this stage with respect to the inquiry. The  
10 Commission will need some time to evaluate the  
11 material and its position. I will schedule another  
12 session for 2:00 on Thursday, June 20, the day after  
13 tomorrow, at which time I would anticipate that the  
14 Commission will be in a position to render a ruling in  
15 connection with the several applications that are  
16 before us.

17 Is there anything else that we need  
18 to touch on?

19 The document, Mr. Fusco, when you  
20 submit it, of course, should be submitted with copies  
21 to all the parties. It will be premarked as exhibit  
22 59-C which is where I think it properly ought be in  
23 this situation.

24 There being nothing further we will  
25 be in recess.

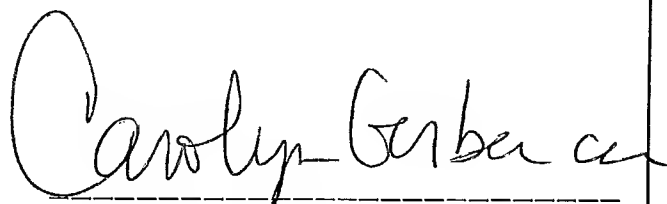


1                   Mr. Zimmerman, I need you for a few  
2 minutes. Thank you very much.

3                   (At which time the hearing was  
4 adjourned at 2:44 p.m.)

5  
6                   C E R T I F I C A T E  
7

8                   I, CAROLYN GERBER, a Certified Shorthand  
9 Reporter and a Notary Public of the State of New  
10 Jersey, do hereby certify the foregoing to be a true  
11 and accurate transcript of my original stenographic  
12 notes taken at the time and place hereinbefore set  
13 forth.

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19                   CAROLYN GERBER, CSR  
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21                   Dated: June 19, 1991.  
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